



SURVEYORS, VALUERS AND AUCTIONEERS OF REAL ESTATE... Bailey & Baker

NEWS SUMMARY

cricket New gains in gilts; equities up 5.6

Packer, the Ant-cricketer Impresario, Press conference...



coll, currying his hal second innings... strike

mined by worries about inflation... EQUITIES went ahead on modest demand...

new bomb any is perfecting a weapon as deadly nuclear bomb over a...

STERLING edged down 1 point to close at \$1.7377 and its trade-weighted index fell to 61.7...

ingling and Canadian rich institutions and been involved in...

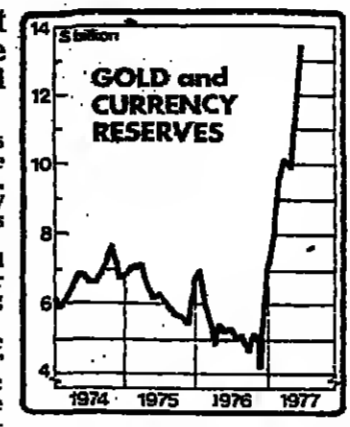
NEW YORK Federal Reserve Board's operations in the money markets indicate that it has tightened its monetary policy...

Table with 3 columns: Stock Name, Change, and Price. Includes titles like 'Scottish Metropolitan', 'Smith Bros', 'Union Discount'.

U.K. reserves up \$1.8bn. to record \$13.4bn. last month

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Britain's official reserves rose by \$1.85bn. last month to a new record \$13.4bn.—more than three times the total at the beginning of the year—and the heavy inflow is continuing.



The main official response to this will be to allow a fall in short-term interest rates—probably starting this Friday—but any significant appreciation in the value of sterling is likely to be strongly resisted in the immediate future.

The authorities will want to see how the pattern of the early major deals develops before considering whether to relax their exchange rate stance.

Opposition The authorities appear to be reasonably confident that the money supply figures for both the July and August banking months will be within the target range, especially following the heavy recent sales of gilt-edged stock.

Continued demand finally exhausted official supplies of the long-dated tap stock, of which £300m. was issued at the beginning of June.

Hopes of leading rate cut give gilts a boost

BY MICHAEL BLANDEN

GROWING hopes of a cut in the official minimum lending rate on Friday gave a further boost to the gilt-edged market yesterday.

the main factor boosting sales of gilt edged. Yesterday, prices slipped back later in the day after early gains, but the Financial Times Government securities index ended up 0.17 at 63.30. This brought the gain over the last five days to 1.55 points.

The Bank of England is prepared to see a renewed fall in rates to help stem the continuing inflow of funds to the U.K. Yesterday, the authorities did nothing to resist the downward pressure. There was speculation that rates could drop further by the end of the week.

Sadat's plan for preparatory talks is welcomed by Vance

BY MICHAEL TINGAY

A PROPOSAL by President Sadat for a working group of foreign ministers of the confrontation States to meet in the U.S. to prepare for the Geneva peace conference was warmly welcomed by Mr. Cyrus Vance, U.S. Secretary of State.

At Alexandria rest house after a day of talks with Egyptian leaders, covering detailed questions in the morning with Mr. Ismail Fahmy, Egypt's Foreign Minister and broader issues with Mr. Sadat in the evening, Mr. Vance said he would have to discuss the attendance of the Soviet Foreign Minister with the Soviet Union.

Mr. Vance said: "I welcome the excellent suggestion of President Sadat to call together a working group to develop further moves towards recognizing the Geneva peace conference."

Table with 3 columns: Features, Report from Belgrade, North and South Korea, Guatemala, claim on Belize, Exports to Iraq.

Japan reflation package expected

By Charles Smith, Far East Editor

TOKYO, Aug. 2 THE JAPANESE Government is coming under severe pressure from businessmen and senior officials of the ruling Liberal Democratic Party to take, or at least approve, interim measures to stimulate the economy before the Prime Minister Mr. Fukuda's meeting at the end of the week with leaders of the Association of South East Asian Nations.

REPORT ON DIPLOMATIC SERVICE

Think Tank emphasis on exports

BY MALCOLM RUTHERFORD

THE REPORT by the Central Policy Review Staff—the Think Tank—on the future of British overseas representation, published today, puts the main emphasis on export promotion, but falls short of recommending complete abolition of the Diplomatic Service.

Attitudes Diplomatic staff associations have already responded unfavourably to the report, which they see as a number of deficiencies in the Diplomatic Service.

Details Page 7 Editorial comment Page 12 The ambassadors should sleep easy now Page 13

Growth rate

Concern about the economy centres on the fact that production indices have remained stagnant or have fallen over the past few months, gradually dissipating hopes that the economy would reach the 6.7 per cent annual growth rate to which Mr. Fukuda has publicly (and internationally) committed himself.

Other sweeping proposals affecting the Diplomatic Service include a general trimming down of the diplomatic way of life, the disposal of some historic diplomatic property, more overseas work to be done by visiting officials from London, and a sharp reduction in the number of Defence attaches.

Large advertisement for Knight Frank & Rutley real estate services, listing various properties with sizes and locations like 'EC1 6,850 sq. ft. City Road'.

Pillars of the Community

by B. A. YOUNG

of the Community suggests a first draft for an Enemy people, but it is more than marked the beginning of a new wave of realistic plays about contemporary Norway, and it has not completely the grim smile of what came later. It is indeed very funny, nowhere more so than in the Karsten Berntholm, the comical first citizen, who offers compensation a chance in a project that will not them—a million-

confesses to his misdeeds quite early in the play, but chooses only the right people to confess them to, providing an edifice of dramatic irony as his family and fellow-citizens continue to believe in his inalienable rectitude. He has thrown over Lona Hessel and married her step-sister for purely financial reasons. When caught with a visiting actress, he has put the blame on to his brother-in-law Johann, whom he also accused of stealing money from his mother so that the community would think the family firm had more money. Before steering a railway-building project through, he has bought up all the valuable plots along the line.

Jan McKellen, in a curly blond wig and a curly blond moustache presents a masterpiece of hypocrisy, smooth and superior in his dealings with others, ready to admit his faults when he knows no harm can come of it, prepared even to send Johann to the bottom in an ill-repaired ship to keep up his yard's reputation for punctuality. When a great municipal reception is held at which he is given a silver coffee-service in recognition of his moral leadership, he replies from his chair to the speech that goes with it, his face a terrible mask of haggard repentance that soon clears up as he organises his sins into a great plea for a new era in the community, thus ingeniously extracting a dividend from his faults. It is a shining conclusion to a shining performance.

Most of the characters surrounding him are from stock, the two exceptions being Johann and Lona, who have returned from 15 years in America to survey the old community again. Johann (Mike Gwilym) has picked up an American accent and a pair of leather jeans, and he falls incoherently in love with Dina (Marjorie Bland), the product of that illicit association of Bernick and the actress.

Lona (Judi Dench) has returned to refresh her old love, in such a moral town there is little scope for this, but she has used her as the organ of true decency. The rest of the community represent narrow rightnesses each in his or her individual manner, apart from Aune, foreman in the yard, who is busy spreading Luddite ideas among the workers in order to save them from redundancy, and Krap, the chief clerk, who occasionally ventures on a word of disapproval when Bernick does anything too outrageous, such as sending a ship to sea in a condition to guarantee its sinking. David Waller gives some colour to Aune; Duncan Preston correctly denies colour to Krap.

The production, directed by John Barton, is generous with laughs, perhaps too generous. There are moments of pure melodrama that would no doubt have raised the eyebrows of an audience but can only raise laughs in a 1977 one, and it would have been as well to mute them if possible. I have to say "it is possible" for the play is really not well constructed; Johann's return in Act 4 when he is supposed to be at sea, necessary no doubt to the story, is a cumbersome device. Michael Annals has set the action in a vast reception-room decorated all over with dead indoor plants and devoid of any means of lighting, though when the town is illuminated in Bernick's honour electric bulbs are used in quantity.



Judi Dench and Ian McKellen

Wells Theatre
Balinese Dances
by CLEMENT CRISP

This young artist is by way of being a star. His dancing here, and in another taxing solo, is splendidly virtuosic, and offered with a huge concentration and a kind of calm bravura. The other outstanding figure of the troupe is Agus Agung Gede. One, who specialises in masked dances. In one he impersonates a noble prince (a role that is his in real life) and the same character in old age. The style here is more naturalistic, and highly dramatic, with masks of great beauty.

His second solo is as a demon, red-faced and with a glittering assembly of mad teeth, crowned by a gold-tipped version of the Albert Memorial, and with a natty line in finger-nails that make him seem Katschey's brother. The character is rather less frightening than he first appears: like some of the devils in Indian dance-drama he has a sense of humour, and the dancer extracts a good deal of fun from his caperings.

Lyttelton
Letter to Lord Byron
by MICHAEL COVENEY

The 6 p.m. platform performance in the Lyttelton is proving a most valuable aspect of the National Theatre's operation, and John Northington's recital of W. H. Auden's entertaining open letter to the author of *Don Juan* is at least a partial compensation for the collapse of the planned Don Juan season. On the main stages, only the visit of Pater Hall's Glydebourne production of *Don Giovanni* remains (six performances in the Lyttelton this month).

Auden started on the Letter during a trip to Iceland in the mid-30s with Louis MacNeice, taking his cue from an aside in Byron's 11th Canto of *Don Juan*—"I rattle on exactly as I'd talk / With any body in a ride or walk." He does not, however, attempt to imitate Byron's ottava rima, displaying rather in a masterful display of comic writing in seven-line stanzas, each sixth line rhymed triumphantly with the seventh but (usually) grammatically dependent on the fifth.

Down Archive Alley

by ANTONY THORNCROFT

In the rather depressing *The Rules: Reassuring Programme* last Saturday night—in which Ned Sherrin's refined N.W.1 wit must have sent many a bemused viewer off for an early bath—there was one nice moment when a Jewish theatrical agent (Sidney Tañer—who else?) sat in the back of his limousine and his wing that most exploited group of entertainers—the men and women accosted in the street by threatening band mikes and lured into a "vox pop" interview.

If you avoid Cilla Black you are likely to be grabbed by either Santanz, and there is always the chance that a news reporter wanting a comment on the Budget may be a stooge for *Comedia Cantura*. So established is "vox pop" that a Monty Python or Dick Emery show is inappropriate without a parody on the practice.

And quite right, too, for the average viewer these days often seems much more interested than the average programme viewer. BBC 2 proved the point on Sunday with *Thanks for the Memory*, yet another wanton on a downy archive alley, courtesy of the Jubilee, and this marathon dose of nostalgia, which mixed memories of average viewers with clips from the collector's television past of a nation, was compulsive watching.

Of course, not just anyone was quizzed. The cross section of humanity included bronzed, white haired, fishermen backed by a Welsh coastal scenery; jolly milkman on a sunny day in Belgravia; beautifully spoken public schoolboys and safely middle class Women Institute members; cheerful coxswains and burr-heavy country folk.

It was an idealised sample, but their good common sense was a joy to the ear as they reminisced through the Coronation; Churchill's funeral; the World Cup; Gilbert Harding; and Muffin the Mule. They took sex and violence in their stride; were generally against American humour; and put television critics in their place. "People should watch what they want to watch," said a sensible girl. "TV did not destroy the art of conversation—it is the conversation," pointed out another, though I'd be surprised if the poet who decried televised sport because it made people viewers rather than doers did not himself take an occasional peep at a Wimbledon Final or a Grand National.

She was predictably against gratuitous sex, and patronising plays about the working class, and was so demonstrably genuine compared with notorious "realistic" dramas like *Caligula*, *Come Home* and *Edna*, the *Inebriated Women* which seemed, on truncated re-appraisal, to be as artificial as "Celebrity Squares."

"Vox pop" is appealing because it is relatively real while television, as a medium, is at the mercy of producers and editors. The programme faded out with a pub discussion on the power of the cutter, who can transform life into an image and, predictably, the most joyous moment in the history was the reel of "bombs" when the camera kept rolling as the rowed while being milked by a singing rustic; the ballet dancer dropped his prop; and the actor in *Edna* of *Dock Green* massacred his lines.

Instead of "Let's go down to Dock Green" he tried "Let's go down to Dock Green" and on the second take attempted "Let's go down to Dock Green" dock. Not surprisingly he appealed to the producer to change the line to "Let's go down the nick."

Travelling through 25 years in two and a half hours there were more fleeting glimpses than considered re-appraisals. The Coronation was the event which put television on the map but didn't look dull and grainy in black and white. The other great television occasion, the landing on the moon, was also more of a historic than a visual experience. It was good to see the old rowdy series again—they must be due for a revival—and modern comedy shows would seem to have little to fear from the ponderous efforts of such "finesse" favourites as Hancock and Liddle Ball. Old plays survived better, in particular 1984 (to be screened again tonight) but after the sophisticated monsters of Dr. Who, the enveloping *Quatermass* looked more like a "sanctapan of macaroni coming to the holl."

Now that the BBC has got the nostalgic bit between its teeth it can probably ride it more energetically, even though many of the best programmes of the past disappeared live into the ether or on to some long distance film. We are the first television generation, dependent on the box for our ows, views, recreation, imagination, and education. It puts a tremendous burden on the BBC as an ITV, one which they do not perhaps take seriously enough.

Yorkshire Television, however, was being serious enough last Tuesday when it transmitted Ibsen's *Ghosts* at peak viewing time. Hereditary syphilis, especially hereditary syphilis which dare not speak its name, is probably not so common in Bradford and Leeds as it apparently was in rural 19th-century Norway but even if viewers were not quite sure what was going on, the intense performances by Dorothy Tutin as Mrs. Alving and Richard Pasco as Pastor Manders, put across the message that every-one in that rain-soaked house was one in that rain-soaked day. Old having a perfectly rotten day. If the *Ghosts* conjured up are unreal to us now the atmosphere conveyed through some very stylish production was creepy enough.

While *Ghosts* creep a Chink in the Wull crawled. This was an even more unreal siren of nonsense with Maurice Denham as an aged peer declining with his romantic memories. Unfortunately the oemomre in the shape of his pathetic stroke-laden mistress; his housekeeper who did not mind having her hand patting; and his granddaughter who breezed in from London to stir things up. I suppose the point was to show the changing attitudes of society to sex as it had affected the lives of three generations of women—a social patriarchy for the mistress; a lifetime of work for the housekeeper supporting her illegitimate son; and selfish enjoyment on the part of youth, convincingly portrayed by Barbara Kellerman. But a point is not a story, and after admiring Miss Kellerman and the beautiful surroundings there was little incentive to watch—apart from seeing more of Miss K. and her surroundings.

ITV must be having a discreet Maurice Denham Festival for he turned up again this Sunday in the same drama slot, this time as a retiring headmaster having his portrait painted by sweet Annette Crosbie. The inevitable happens, but at the last moment Denham reckons he is too old to make a dash for a new experience. It provides him instead with a good theme for his farewell speech: *Dear Ours* again fine acting, but little more than a visual *Woman's Own* stuff.

It has not been a great television week—although the planners ought to try harder in the summer to cheer up those viewers not away on holiday. But anyone watching professionally, if only for one week while Chris Dunkley is taking his break, must be struck by the variety and the value of it all. Having to watch television is surprisingly rewarding, not least the learning of the tricks of racing commentators from Peter O'Sullivan on the BBC's fruitful *Commentator's Choice* series; having Penang change from a vague name into a place, courtesy of Alan Whicker; and getting nicely impressed at the banality of *Seaside Special*. Can those appearing actually be getting paid for their acts of indecent exposure?



Brian Deacon and Dorothy Tutin

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King's Head Jacques Brel

by MICHAEL COVENEY

Any excuse to hear again the songs of Jacques Brel is more than welcome, and this Innominate café cabaret has been enterprisingly put together by members of the vocal current east of Jesus Christ Superstar. The material will be familiar to those who saw *Jacques Brel is Alive and Well* at the Fortune some years ago, and the superb translations of Mort Schuman and Eric Blau have been once more pressed into service.

The songs speak for themselves and need little in the way of staging—just confident, expert and aggressive delivery. That, on the whole, is what they get here. John Kerruish brings dynamic energy to "Amsterdam" about the squalid low life of a sailor who sings and swallows the moon as he reluctantly dies in the gutter; at the same time, though, a sailor is born, and it is this tenacious affirmation of the life force even in the most miserable of contexts that distinguishes much of the material and gives it such extraordinary and gives it such extraordinary poignancy. In "Next," Mr. Kerruish gives a vivid edge to the bitter, nightmarish memories of a soldier called up to serve; the man will cut off his legs rather than once more be subjected to the brutal humiliation he has experienced.

Der arme Vetter

by RONALD HOLLOWAY

The Cologne Schauspielhaus has two of West Germany's finest play directors in Hans-Gunter Heyme and Roberto Ciulli, both sharing responsibility in the theatre's *Directorium* and complementing each other in analytical views of the German past. Heyme looks to the German classics for inspiration, the plays of Goethe, Schiller, and Hebbel; as we are now celebrating the 200th anniversary of the fruitful Weimar period, Goethe and Schiller are primary names on repertory lists, and Heyme has done the greatest service among the large houses in reinterpreting their key dramas.

Roberto Ciulli gazes only as far back as the German Expressionist period and those plays which fanned the flames to the white heat. Three seasons ago, he presented Georg Kaiser's *From Morn to Midnight* (written the immediate post-war period. There were, of course, many styles of Expressionist drama, followed by the earlier, more poetic and mystical forms now badly neglected due to nostalgia for the Roarin' Twenties. Barlach is important because of the prophetic nature of his art; he was a kind of William Blake who grows in stature the more he is studied and weighed in the cradle of a century.

August 1977
This announcement appears as a matter of record only
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EUROPEAN NEWS

Soares government faces strongest attack by Left

BY OUR OWN CORRESPONDENT

PORTUGAL'S MINORITY national Monetary Fund is proposing tough conditions before granting a second tranche of \$50m. to Portugal in the autumn. The reports said the IMF would urge a second escudo devaluation, heavier import restrictions, tighter credit, especially in the public sector, and higher consumer prices.

EEC partly backs U.K. shipyards aid scheme

By David Buchan BRUSSELS, August 2.

THE EEC Commission has given a partial and lukewarm approval to the British Government's £55m. scheme to subsidise tenders by U.K. shipyards.

THE BELGRADE TALKS

Britain leads bid for compromise

BY OUR OWN CORRESPONDENT

BRITAIN is leading the EEC to-night in a last-minute bid to extract more concessions from the Soviet Union at the 35-nation preparatory talks here for a follow-up European Security Conference.

concluding document fixing the date and place of the next Belgrade-type meeting. The wording is important because the Soviet Union wants a cut-off date without any conditions to be met beforehand.

the Bonn Government was splitting with its allies over human rights.

BELGRADE, Aug.

steps, including the creation of the drafting groups necessary for this purpose.

Summit meeting for French Left

BY DAVID CURRY

PARIS, August 2.

THE LEADERS of the three parties comprising France's Union of the Left will meet in mid-September to thrash out details of the policy statement upon which they will fight the General Election in March.

measures affecting health and the family.

the timing. There is also discussion over the size of the general salary increases to be accorded, and what sort of differential should be established between the top and the bottom of the salary scale.

Ponto murder arrest

A judge yesterday ordered the arrest of lawyer's daughter Susanne Albrecht in the murder of leading West German banker Jürgen Ponto. Reuter reports.

The quest for ambiguity

BY PAUL LENDVAI IN BELGRADE

THE PREPARATORY talks to draft an agenda for the follow-up 1978 Helsinki Summit opened here on a note of suspense on June 15 and drifted towards a close to-day on one of fatigue.

fashioned by what is perceived for the media conference, has achieved what it wanted at the Belgrade talks.

Each of the three "baskets" of the Helsinki Final Act (security, economic co-operation, and humanitarian questions) has been agreed to by the USSR.

By contrast, the Malta delegates showed restraint after being coaxed to a special plenary on Mediterranean questions.

A visitor might get the impression that the real split is within the EEC or NATO rather than between East and West, with the British, Dutch and French ranged against the West Germans...

BY DAVID CURRY

PARIS, August 2.

Now in the final critical days, however, as grim delegates paced up and down in the corridors, a visitor might get the impression that there is almost as big a split within the Nine EEC countries as there is between East and West.

each of the three "baskets" of the Helsinki Final Act (security, economic co-operation, and humanitarian questions).

The French surprised delegates and observers by tough line, particularly in the past two weeks.

HOLMEN advertisement for US \$15,000,000 Seven Year Floating Rate Loan. Provided by Bank of America NT & SA, Compagnie Luxembourgeoise de la Dresdner Bank AG, etc.

COMPAGNIE GENERALE DES MATIERES NUCLEAIRES COGEMA advertisement for US \$52,000,000 7-year Loan. managed by Banque Nationale de Paris, Bankers Trust International Limited, etc.

Republicans legalised in Spain

By Diana Smith MADRID, August 2.

THE CABINET of Sr. Adolfo Suarez has quietly laid to rest another lingering spectre of night.

Italian Communist Party in bank appointments row

BY PAUL BETTS ROME, Aug. 2.

THE ITALIAN Communist Party, which for the first time in 30 years is part of the country's governing process, is now at the centre of a heated controversy over the nomination of top executives to Italy's oldest bank.

E. Berlin escape bid foiled

By Leslie Collett BERLIN, August 2.

AN ESCAPE attempt to West Berlin by six East German men in a truck has been foiled.

Aer Lingus pilots' strike to-day

BY GILES MERRITT DUBLIN, Aug. 2.

AER LINGUS, Ireland's national airline, was to-night pushing ahead with its plans to use leased aircraft to maintain a skeleton service during to-morrow's one-day pilots' strike.

Two shot as blasts hit Istanbul

ISTANBUL, Aug. 2.

TWO right-wingers were shot dead in Istanbul and three cities were hit by bomb blasts in overnight violence after Turkey's right-wing coalition government won a confidence vote yesterday.

Compulsory youth

By Leslie Collett BERLIN, August 2.

AN ESCAPE attempt to West Berlin by six East German men in a truck has been foiled.

Vertical text on the right edge of the page, including 'AMERICA', 'to', 'and', 'ket', 'warns Pa', 'youth', 'mind-cc', 'CORRESPONDENT', 'fact'.

NYC to return to bond market

STEWART FLEMING

NEW YORK, August 2. YORK City has given the Treasury a carefully worded commitment to try to finance on the public credit markets before the Mayoral election in November.

A move would represent a major step forward in the financial position, as the city has been closed out of the market since it was nearly engulfed by the fiscal crisis in 1975.

According to law, the city must return to public financing by June 1978. Since it has been relying on agency support from the city by way of loans in to finance itself.

Return in the bond market by November would give the city a propitious start in demonstrating the "soundness" of New York to the election—assuming, of course, that it is the Democratic candidate for Mayor when the primary elections are held.

There are, however, a number of obstacles to be overcome before the city could raise public money. It must first successfully complete the refinancing of some of its debt, plans for which were announced last week. It must also receive credit ratings from agencies such as Standard and Poor's, which must secure the agreement of financial advisers and clear standing legal questions.

The city must also secure the consent of the principal banks holding the city's \$850 million term debt, which was part of the planned refinancing announced last week.

Whether or not this becomes a hurdle depends on negotiations which have been proceeding in a desultory sort of way since the spring. A key issue has been the monitoring of New York City's finances in the future, who should do the monitoring and for how long.

At this point earlier this year, the Mayor charged that the city was trying to take over the city from selected officials who were the driving force behind the financing schemes.

The Mayor then appealed to the city's bondholders, asking them to return to the debt market in a specific period, limiting the commitment to "as soon as possible" after the refinancing.



The supertanker ARCO Juneau leaves the south Alaskan port of Valdez carrying the first cargo of oil from the state's North Slope. The first of the 11bn. barrels of oil known to exist at Prudhoe Bay, under Alaska's Arctic plain, flowed into Valdez on Friday from the 800-mile-long trans-Alaska pipeline. The ARCO Juneau, bound for a refinery in the state of Washington, pulled out of the pipeline terminal on Monday night with an escort of tugs, one spouting a salute with its foam nozzle.

GUATEMALA'S CLAIM ON BELIZE

Chest-beating in isolation

BY ALAN RIDING, RECENTLY IN GUATEMALA CITY

THE CYCLE has now been completed for the third time in five years: a Guatemalan military buildup threatens Belize, Britain sends troop reinforcements to the colony, a war of words follows, then both sides get together and agree to settle on negotiating a peaceful termination of the dispute.

But each time this has happened—in 1972, in 1975 and again this summer—Guatemala's bargaining position has deteriorated. After Mr. Ted Rowlands, Minister of State at the Foreign Office, left Guatemala City last week following two days of talks, it was apparent that Guatemala had never been so isolated on the issue.

Over the past five years, while Guatemala has continued to demand the full take-over of the colony, Britain and Belize have quietly mobilised world opinion in favour of the territory's independence. Even in Latin America, Guatemala stands increasingly alone.

This isolation, however, is now the main problem. In right-wing nationalist circles of this conservative Army-ruled nation, there is a back-to-the-wall, "all-or-nothing" attitude which makes any compromise negotiating position seem all the more unreasonable. After the fierce propaganda campaign of recent months, chauvinistic sentiments have been stirred in the population at large. How, then, can any Guatemalan Government now start making concessions? British officials, however, have

not abandoned all hope of a settlement. They feel that the experienced diplomats in Guatemala's Foreign Ministry are aware that the longer Guatemala waits, the worse its negotiating posture will be. Sr. Adolfo Molina Orantes, the Foreign Minister, is the only Guatemalan figure to dare suggest that an "all-or-nothing" solution may not be possible.

British diplomats also consider that President Kjell Laugerud might be attracted by the idea of a settlement before he leaves office next July.

But perhaps most encouraging is the new interest that the U.S. is showing in the problem. Until this latest flap, Washington had simply ignored the century-old dispute between Britain and Guatemala over the rightful ownership of Belize. Both countries were American allies and strict impartiality seemed the wisest policy. But Guatemala's threat to invade Belize this year was more ominous than ever and Washington suddenly joined the prospect of a border war between its friends in its own back garden.

The State Department therefore intervened to advise caution. When Mr. Rowlands met Sr. Molina in Washington just as British troops reinforcements were being sent to Belize on July 7, Mr. Cyrus Vance, the U.S. Secretary of State, called both men in separately for urgent talks on the issue. Since then, Washington has become a silent party to the negotiations.

Britain, it seems, is particularly anxious to see the U.S. involved because of its traditional influence over Guatemala. Relations between Washington and Guatemala have been complicated in recent months by President Carter's human rights campaign. Guatemala even rejected American military aid in March rather than be subjected to a State Department human rights report.

Nevertheless, the U.S. remains the strongest outside political influence on Guatemala, and Britain therefore hopes it can convince Guatemala's military rulers that the time has come for historical positions to be abandoned and pragmatic negotiations to take place.

The historical position is abandoned by Guatemala is, of course, any dream of recovering any part of Belize. This will not be easy. At one point, two years ago, Guatemala suggested a compromise by which it would take over the Southern third of Belize, south of Monkey Point. But this was unacceptable to Mr. George Price, Belize's Premier, and he was backed up by Britain.

If Britain and Belize were unwilling to give away any land, no such concessions could be contemplated now, after the UN General Assembly, the non-aligned nations' conference and the Commonwealth conference have all come out in favour of the colony's full independence.

All that Guatemala can hope for now, in fact, is satisfaction of some of its peripheral demands. Guatemala's military establishment claims to be worried about Cuban influence over an independent Belize, so some formal assurance of Belize's neutrality may be necessary.

Guatemala is seeking improved access to the Atlantic for its products, so free port facilities may be offered at Belize City (even though the shallow off-shore waters make it an unattractive and expensive shipping point) and extended territorial waters may be provided in the Bay of Amatique. There is even talk of a formula of joint economic development which, while it might involve some British financing, would primarily benefit Belize by bringing its tiny economy closer to Central America.

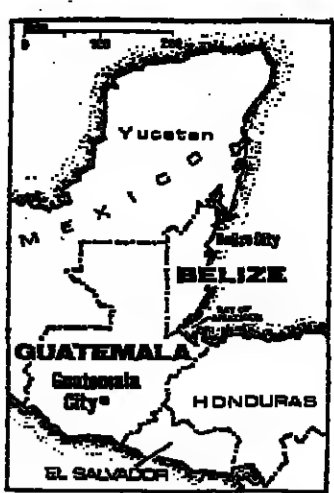
But these are indeed small pickings, set against an article in Guatemala's 1963 constitution stating that "Belize is Guatemalan territory" and against stickers posted up at the airport for Mr. Rowlands' arrival, proclaiming: "Belize is ours."

The military men who last month were promising to spill their blood to rescue national dignity realize that, even with their American and Israeli weaponry, they would be no match for Britain in a show-down over Belize. But they are nevertheless willing to keep up their chest-beating to prevent Belize from going independent without a settlement.

For Gen. Laugerud, the dangers of compromising on Belize are therefore much greater than those of simply negotiating pointlessly until he hands over power to the next President, particularly since his likely successor, Gen. Romeo Lucas, is a hard-liner on the issue.

But Guatemala's real fear is that Belize may decide to go independent without settlement of the dispute. It has not done so before now because Britain refuses to offer an open-ended defence treaty to an independent Belize. Yet increasingly the Caribbean Commonwealth countries, which have done so much to whip up international support for Belize's cause, are moving towards providing some sort of protection for the territory.

In addition, such powerful neighbours as Mexico, Cuba and Panama all favour Belize's independence. So, if Belize became independent under a regional "umbrella" and joined the United Nations, Guatemala's hopes of obtaining anything in a settlement would be nil, unless it invaded immediately and successfully.



Marines want more Harriers

CHERRY POINT, August 2.

U.S. MARINE officials said today that they have no intention of scrapping the British vertical take-off-and-landing jet involved in a large number of crashes, and would buy more of the AV-8A Harrier aircraft.

"There is no discernible pattern to them (the accidents) or any evidence which might lead us to believe that there is an inherent problem with the aircraft, its engine, its system or the pilot-aircraft combination," said Maj. Gen. Richard Carey, commander of the 2nd Marine Aircraft Wing at this North Carolina town.

The Marine Corps bought 110 of the Hawker Siddeley aircraft in 1973. Since then, 24 have crashed and nine Marine pilots have died, two within a month and one of those within view of ranking military and civilian officials watching a demonstration of the aircraft.

Inter warns Panamanians

WASHINGTON, August 2.

President Carter, who last month visited Panama, has urged Panamanian negotiators to meet with U.S. negotiators in a meeting of Panamanian negotiators the Panama Canal, has urged Panama that it can no further U.S. concessions over a new Canal treaty have been on for many months and is becoming increasingly complicated when the American-huilt canal became an issue during the election campaign. Mr. Reagan, President Ford's opponent for the on, accused him of being too much to the left.

When the re-negotiation treaty has been a very political issue and the likely to look particularly closely at any agreement that may be reached before approving it. It was for this reason that President Carter intervened personally last week in an effort to persuade the Panama delegation to accept the American terms.

Soon after this negotiating session, it was reported to-day, he sent a letter to President Torrijos of Panama saying that although both sides were now "near agreement," the U.S. would not make any further concessions. It is understood that the major obstacles in the way of an agreement are the amount that the U.S. would pay Panama for use of the canal in the next 25 years and the timetable under which various parts of the canal treaty would be transferred to Panamanian jurisdiction in the same period.

Jobless youth rate soars

NEW YORK, August 2.

ASSING insight into one of New York's most critical problems has been provided by new employment statistics which reveal that last year 14 per cent of the city's teens and other minors were out of the job market.

By far the lowest proportion aged between 15 and 19 in employment in any major American city, according to the study by the U.S. Bureau of Economic Analysis.

The statistics are a far grimmer picture of conventional unemployment, which count the number of those seeking work. Among the Bureau's findings, the survey's most striking feature is that hundreds of thousands of youths in urban America have simply dropped out of the job market and are dependent on welfare and their families for subsistence.

The New York employment rates compare with national averages of 57.9 per cent for whites and 53.7 per cent for minorities and, according to Mr. Herbert Biensstock, the Bureau's New York Regional Commissioner, they confirm "the notion that New York City is to-day the non-working teenage capital in the country."

Contrasting the widespread teenage loafing which left New York in a state of shock after the power blackout three weeks ago, Mr. Biensstock claimed that no better picture of the causes had been provided than the survey's employment population ratio.

Man's mind-control quest

WASHINGTON, August 2.

FEDERAL Intelligence Agency (CIA) documents disclose more than several medical institutions and the U.S. and Canada are trying to find ways to control human mind, the Times reported to-day.

The article the paper said 5 years the CIA is finding new methods to control the defences of the mind or to "program" its own operatives to regularly difficult or serious. The project finally wound up after 25 years of newspaper said.

It apparently had the hazards and dangers of the CIA activities early last year. For instance, CIA documents disclose that agents were seeking a way to "dissolve the Berlin Wall," and to "infiltrate a entire building full of people, a pill that would make a drunken man sober and a way to manufacture food that tasted normal but, when eaten, would create "confusion, anxiety and fear."

It has been known for some time that some kind of CIA mind control project had existed and that its origins had been the concern in the early 1950s that the Russians and the Chinese had discovered new and powerful brainwashing techniques. But the scale of the operation and the amount of money involved were not known and nor was the fact that a number of private doctors and scientists participated in the project.

How to clear that expansion bottleneck, without upsetting your finance director



A successful and expanding company often reaches a stage when, for want of finance, it is restrained by an expansion bottleneck. Sometimes you just know you could be bigger and better if only you could clear that bottleneck. You cannot go on passing up major opportunities for growth forever, so something has to change.

However, changes cost money, and where money is concerned your finance director often has the last word.

But maybe Midland Bank can help you with a medium term loan. We're ready to lend almost any reasonable amount for any reasonable business purpose to credit-worthy customers. You can pay over seven years—sometimes even longer. And if you are not already banking with the Midland you may still find it worth your while to talk to us.

You pay interest, at competitive rates, only on the reducing balance and you can adapt repayments to suit your needs.

Best of all, once arranged, and provided you meet the terms of the agreement, your loan will not be called in. So you can plan your expansion with confidence.

Discuss your problems with us. Medium term loans are just one of many financial services that Midland Bank Group offers you to help make business more profitable.

Your local Midland Bank branch manager can also arrange instalment finance, leasing, factoring, and a number of export and international services, including export finance in sterling and other currencies and the discounting of bills. He can arrange, too, merchant banking facilities which include the raising of long-term and share capital, and finance for growing companies.

Let us help you. There's a whole range of services, in fact, and all available in the simple way you're used to—through your local bank. Call in soon at any of 2,600 Midland Bank branches and talk to the manager.



Medium Term Loans from
Midland Bank

OVERSEAS NEWS

Ethiopians ask for emergency OAU talks

By James Buxton ETHIOPIA has asked the Organisation of African Unity (OAU) to call an emergency session of the organisation's Council to discuss what it calls 'Somali armed aggression'.

The Ethiopian Foreign Minister, Dr. Feleke Gedie-Chergie, yesterday briefed African diplomats in Addis Ababa on the worsening situation between the two countries.

Dr. Feleke asked for the ambassador's help in convening the council meeting, for which a two-thirds majority of member states is needed. In a separate development, the OAU yesterday called into session a Somalia mediation commission.

Libya hurls new charge at Egypt

BEIRUT, August 2. LIBYA HAS fired more salvos in its propaganda war with Egypt, accusing the Egyptian Government of massing troops near its border and attacking the U.S. for alleged assistance to Egypt during the recent six-day border war.

With an ancient one-sided ceasefire prevailing, Libya's Major Abdel Salam Jalloud—number two men to Colonel Muammar Kaddafi—told a news conference in Tripoli yesterday that Libya would "confront any aggression" by Egypt.

Israel coalition talks deadlock

TEL AVIV, August 2. THE DEMOCRATIC Movement for Change will make a final effort this evening to find a compromise formula in electoral reform which will enable its 15 members to continue talks on joining Israel's ruling coalition headed by Prime Minister Menahem Begin.

THE TWO KOREAS South defies Northern sea limits

SEOUL, August 2. Tension erupted over the islands in 1973 when North Korea suddenly claimed jurisdiction over waters around them and asked foreign vessels to obtain prior approval for passage.

The discreet charm of the status quo

BY CHARLES SMITH, FAR EAST EDITOR "ALL WE CAN DO is to ask them to be careful," said a Japanese official some months ago when asked what form "consultations" between Japan and the U.S. about the proposed American ground troops withdrawing from Korea would be likely to take.



Washington. Nor, probably, do China or Russia like the idea of escalating their own conflict by getting themselves involved in competitive support for a North Korean war effort.

Cuba aid pledge to Nkomo

BY MARTIN DICKSON CUBA HAS promised to step up its supplies of weapons to Rhodesia's nationalist guerrillas. This was announced in Havana by Mr. Joshua Nkomo, co-leader of Rhodesia's Patriotic Front.

Thailand border raids

BY RICHARD NATIONS BANGKOK, August 2. A WEEK of calm along the Thai-Cambodian border was broken in pre-dawn raids to-day by Khmer soldiers who set fire to three Thai villages and killed 28 civilians and a policeman.

WORLD TRADE NEWS

Carter stand on oil cargo criticised

WASHINGTON, Aug. 2. CRITICISM of the politics behind President Carter's decision to endorse the proposal guaranteeing U.S. ships the right to carry a minimum percentage of foreign oil shipped to the U.S. is beginning to mount.

Italian trade surplus in June

ROME, August 2. ONLY a few days before the Italian Prime Minister, Sig. Giulio Andreotti, scheduled to leave for a week-end visit to Saudi Arabia, official statistics released here today show a surplus of L.84bn. (about \$54m.) in Italy's balance of trade for June.

Dutch concern at deficit

AMSTERDAM, August 2. THE DUTCH Economics Ministry said today it was examining what had led to the worrying trend of foreign trade so far this year. It is now facing a substantial and growing trade deficit compared with a healthy surplus last year.

Canada shoe quotas plan

OTTAWA, August 2. REPRESENTATIVES from all parts of the footwear industry in Canada, have proposed that quotas be applied to imports of women's and girls' footwear.

U.K. clothing image boost

BY CHRISTOPHER DUNN A 'BIG promotion campaign to give Britain's clothing industry a more dynamic image at home and abroad is planned by the Clothing Export Council.

BRITISH EXPORTS TO IRAQ Living on borrowed time

BY JAMES BUXTON relatively large population (about 11m.) promising a reasonably large consumer market; it is excitingly both into downstream petrochemical products and into manufacturing industry; and it has considerable agricultural potential from the irrigated area of the Tigris-Euphrates valley as well as the rain-fed lands of the north and east.

Piper field gas sale to Norway

By Ray Daffer. PARTNERS in the Piper field in the North Sea are to sell products to Norway under arrangement thought to worth more than \$15m.

Australia not likely to drop protection

CANBERRA, Aug. 2. THE AUSTRALIAN Government will not accept the recommendations of the Industries Assistance Commission to begin a substantial reduction in protection for the Australian textile, footwear and clothing industries.

CAV in South Korean deal

Lucas Industries, the Birmingham-based aircraft and vehicle accessories manufacturer, is to buy the first manufacturer venture in the British company South Korea.

HOME NEWS

WINDSCALE INQUIRY

Scargill clashes with unions on evidence

By Ian Breach in Whitehaven

A SHARP clash developed yesterday over statements made at the Windscale inquiry by Mr. Arthur Scargill, the Yorkshire miners' leader.

Other miners had died from occupationally-induced diseases such as silicosis and pneumoconiosis. To compare hazards in the nuclear power industry with this record was "rubbish".

Better living standards are forecast

By Peter Riddell, Economics Correspondent

RETAIL PRICE inflation will remain well in the double figures for the next five years, though the squeeze on personal living standards should be nearly at an end, City stockbrokers Phillips and Drew forecast.

A modest decline in unemployment during the period. The adult seasonally adjusted total is projected to peak temporarily at 1.45m.

Manpower commission chairman for NEDC

By John Elliott, Industrial Editor

THE ROLE of the Manpower Services Commission in the Government's economic and industrial policies has been formally recognised by the appointment of its chairman, Mr. Richard O'Brien, to be a member of the National Economic Development Council.

Jumbos cleared after parts fall during take-off

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS yesterday denied allegations that its wide-bodied jets were unsafe to fly after one of its Boeing 747 jumbos was obliged to return to Heathrow after take-off when parts fell off into gardens in Surrey.

Regional aid boosts Scottish industry

By Ray Perman, Scottish Correspondent

A MAJOR revision of economic figures published to-day suggests that Government regional policies have been far more effective than was previously thought in promoting industrial growth in Scotland.

'Bugging' I won't let it drop-MP

By Ivor Owen, Parliamentary Staff

THE PRIME MINISTER is expected to return to Downing Street to-day from his Sussex farm.

Housing output up in second quarter

By Michael Cassell, Building Correspondent

HOUSING OUTPUT perked up higher than in the preceding three months. However, they remained 23 per cent lower than at the same time 12 months before.

Replacement

By John Elliott, Industrial Editor

LORD RYDER joined the NEDC when he became chairman of the NEB and yesterday his successor, Mr. Leslie Murphy, was appointed in his place.

Bigger Leyland car sales expected

By Terry Dodsworth

BRITISH LEYLAND is expected to show significant signs of recovery in its car sales during July when the figures are published.

New BMW car launch

By Terry Dodsworth

Imports have taken a little over 40 per cent of the market with Chrysler on about 8 per cent and Vauxhall 9 per cent.

ESTATES AND FARMS

Bell-Ingram KILMARNOCK ESTATES SCOTLAND AYRSHIRE AN OUTSTANDING AND PRODUCTIVE AGRICULTURAL INVESTMENT 7,660 ACRES

APPOINTMENTS

INVESTMENT BANKING We are an International Investment Bank based in London but operating within the framework of an internationally known banking group.

RESIDENTIAL PROPERTY

Old established Commodity Brokers require School Leavers with 'A' Level Mathematics or English for training on the Commodity Markets.

PERSONAL

YOUR HOUSE can help you and others if it is larger than you need. One solution is to rent out the extra space.

Which? calls NHS spectacles out of date

NATIONAL HEALTH spectacles are the old-fashioned and solar energy too futuristic, says Which? the Consumers' Association magazine.

Bond winnings top £600m

OVERALL WINNINGS of Premium bond holders since the bonds were first marketed in 1957 have now topped £600m.

Scrap merchants face bankruptcy

A WARNING of bankruptcies among scrap merchants was given yesterday by Mr. Eric Cross, president of the British Scrap Federation.

NEWS ANALYSIS- RESCUE OF EDWARD BATES AND SONS Avoiding the Herstatt syndrome

THE BANK of England said on Monday that it had taken part in the rescue and sale of Edward Bates and Sons, the fully authorised London merchant bank.

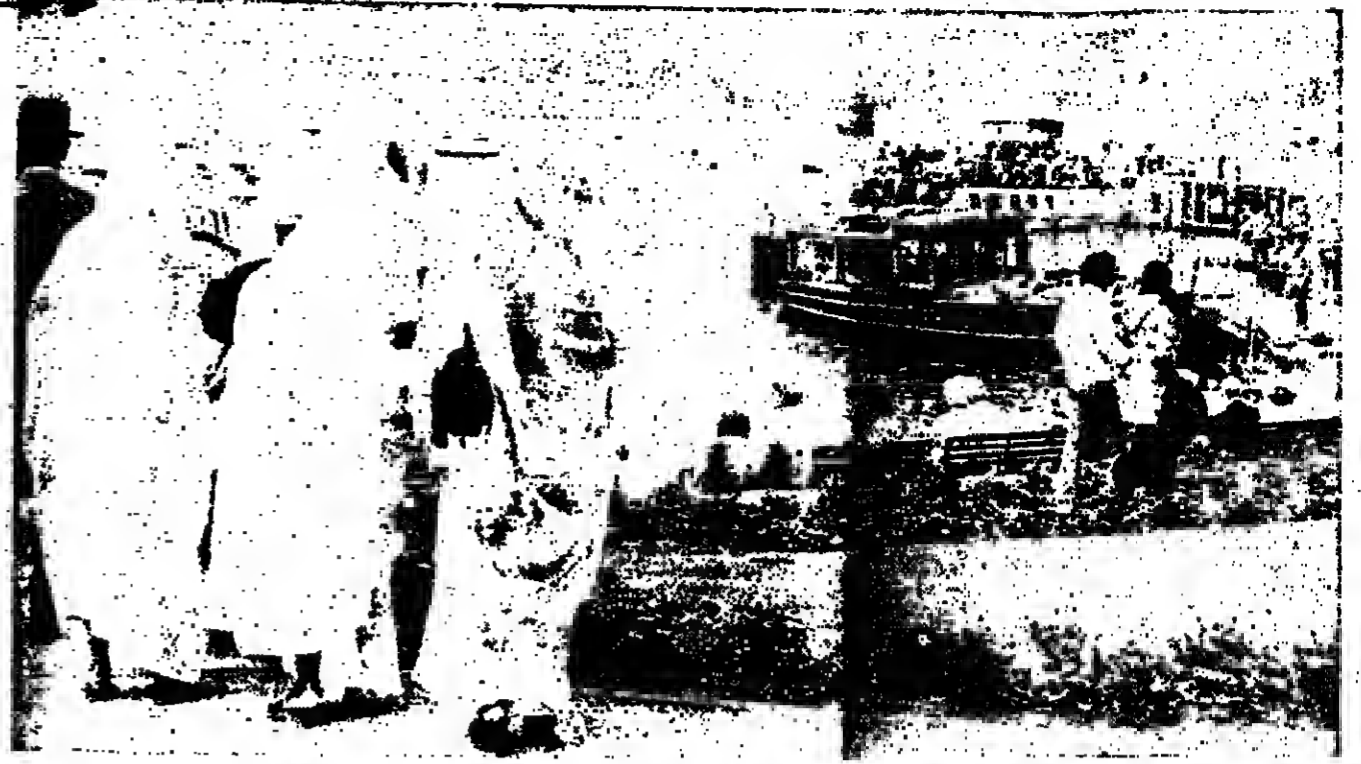
We would expect candidates to be flexible with regard to travel, as there is a distinct possibility that they may be called upon to relocate abroad after an initial training period in London.

THE COMMERCIAL BANK OF AUSTRALIA LTD. Directors of the Commercial Bank of Australia Limited will recommend to the shareholders at the annual meeting on October 27th, 1977, the payment of a final dividend of 10 cents per share.

هنا من الأخبار

BRITAIN IN HOLIDAY MOOD

In the second of our six-part series on Britain's holiday centres, DAVID FREUD takes a fresh look at Windermere and the Lake District.



Terry Kirk's picture captures the foreign interest in the Lake District.

Foreigners are our saviours says Lakeland tourism chief

AT KESWICK 175 years ago Samuel Taylor Coleridge wrote his Ode to Dejection. It was almost his last major poem. He left soon afterwards for London, never to return to the Lake District.

The incident reflects unfairly on Keswick I feel. There must be many hundreds, if not thousands, of towns in which it would be more appropriate to consider dejection.

Keswick, like the other major tourist centres of the Lake District—Windermere, Ambleside and Grasmere—is a thoroughly charming place. Though the sun could have been more forthcoming yesterday, none of the holidaymakers I saw in the narrow streets of the four towns looked less than cheerful.

The Lake District boasts England's highest mountain in Scafell Pike, 3,210 feet, its highest lake, Windermere, and all the other principal lakes in the country. Ever since William Wordsworth, who started the lake school of poets in the early 19th century and spent 60 of his 80 years in the area, it has been a holiday magnet for the British.

Nowadays tourism is a major industry, thought to be worth £75m. last year and second only to agriculture. To my inexperienced eye tourism seems the most important. Sheep, one of the staples of Cumbrian agriculture, looked considerably thinner on the ground than human visitors.

While dejection may be the last thing in the minds of holidaymakers it has been a narrow escape for those in the tourist industry.

Disturbing loss

Recently the Lakes have lost a disturbing proportion of their pulling power in the home market. The area has always attracted the better-off. With 60 per cent. of overnight visitors in the ABC-1 socio-economic categories it is probably the most up-market resort in Britain.

But with the squeeze on living standards, especially severe on those with higher salaries,

business has fallen markedly. There has been a drop of at least 20 per cent. in British holidaymakers to Cumbria over the past two years.

"Our saviour," said Mr. Ian Thompson, marketing officer of the Cumbria Tourist Board, "has been the foreigner."

He estimates that tourists from abroad, mainly Europe, have just about made good the shortfall. Their numbers have grown steadily from about 10 per cent. of the total in 1975 to some 30 per cent. this summer.

So, while there are still vacancies posted outside some bed-and-breakfast establishments even though it is peak season, the position is nothing like as bad as it could have been. Shopkeepers, in fact, are delighted with the development. Foreigners are bigger spenders than the British, and why should Oxford Street have a monopoly of the good times?

Probably the key factor in developing the new trade was the completion last year of the motorway link with Hull. With communications into the heartland of the southern Lakes so good, thousands of Dutch, Germans and Scandinavians have been encouraged to take the ferry over.

Yesterday foreigners were evident everywhere—Germans promenading lakesides in impeccable casual wear, French children running wild in the campsites, anxious-looking Dutch.

Americans were displaying their obsession with culture by being almost the only nationality in evidence of Rydal Mount, the whitewashed home of Wordsworth from 1813 to 1850. The more accessible and earlier Wordsworth residence, Dove Cottage, was packed with people from everywhere.

The number of people visiting the Lakes has been fairly steady over the past five years. About 2m. people are estimated to have spent one night or more in the area each year. Day trippers could swell the total to as much as 10m.; the new motor-

way network puts 20m. people within three hours' driving distance.

More than 80 per cent. come by car, and a recent survey showed that driving round the area looking at the countryside is the most popular activity.

Wordsworth turns in his grave, no doubt, but the area seems to absorb the thousands of cars without difficulty. And there are so many places to park where, by walking a few yards, one can find a scene as beautiful as any in Britain—the still waters of a lake mirroring high peaks, or a waterfall through woodlands.

Walking country

Less popular than wheels, legs are still thoroughly exercised on the upland dales and peaks in some of the best walking country in Britain. Within the 866 square miles of the Lake District national park there are areas in which it is possible to forget that cars were ever invented.

Water has an irresistible attraction, and the scene at Bowness, lakeside neighbour to Windermere; resembled that at any seaside resort. The four Sealink ferries were doing a roaring trade in trips round the lake. Picnickers played beach games on the grass, and several nasty cases of sunburn were on view—testimony to the heat of the previous few days.

Everywhere people were enjoying the water—swimming, fishing, rowing, sailing, skiing and canoeing. While reminds me, perhaps it was a slight misrepresentation to assume universal cheerfulness.

One junior canoeist yesterday found it beyond his powers to paddle back up the small torrent of the River Derwent to the lake. After several vain attempts, he got out and painfully dragged his craft through 100 yards of reeds to the shore. The look on his face? Coleridge would have recognised it immediately. True dejection.

Jumbos after part during Skytrain

MICHAEL DONNE, AEROSPACE CORRESPONDENT

World Airlines, which has joined the cheap-bus line to New York, has begun by the Laker due to start flights on October 26.

Yesterday announced which match those last week by Pan Am for New York. It is to be bought at least before departure time. The fare from New York will be \$28; if bought in London, it will be \$46. It must be purchased at least three hours before departure time.

It resembles Skytrain—charge slightly less than New York, \$135 or \$140. The TWA and Pan Am passengers will be given the best they will have to offer on Skytrain.

Airways answer to fares has so far been only advanced to \$14. U.S. and European cities, including New York and London. It is cutting the dollar fare to \$130 (about £170).

rail cuts would lower fare says Minister

HARGREAVES, TRANSPORT CORRESPONDENT

IVITY on Britain's rail network were more size, according to Mr. Rodgers. Transport

ed in to-day's Rail-White Paper on trans-protect the rail further substantial

is that the threat of from producing a niant attitude from about reducing man-ild "destroy morale is with a smaller net-which productivity tainly be no better even he worse."

orists 'drive too fast in fog'

AN half the motorists ed in an M5 fog test ing too fast when roped to 50 yards or s the Transport and reh Laboratory, add- advisory speed signs ly related to foggy rises."

was carried out dur- 5-76 winter. relatively rare event idents that occur in orways are a small at present.

GENERALI Assicurazioni Generali S.p.A.

1976 BALANCE SHEET

5 consolidated balance sheet of the Generali which consists of the parent company and 28 companies in which the former has a control-est) totalled 1,738,000,000 lire in premiums a 37% increase over the previous year. The was distributed as follows: 31% in Italy, 40% t of the Common Market, 23% in other Euro-tries, and 6% in the rest of the world. The unt of premiums written by the Generali alone 52,280,000,000 lire. The outstanding profit in the 1976 balance sheet is due to events both md out of the ordinary.

of 1976 the Company's investments were distri-llows: real estate 488,329,000,000 lire (29%), est securities and shares 648,708,000,000 lire re-insurance deposits 421,128,000,000 lire ank deposits 93,101,000,000 lire (5.6%), life policies and mortgages 22,929,000,000 li-

ing reserves reached 1,510,596,000,000 lire, a rease over 1975. ves amount to 121,342,000,000 lire, and with the Company's capital (totalling 0,000 lire) they give the company a solvency ich greatly exceeds its needs. ue from investments totalled 130,678,000,000 4,000,000 lire are allocated, as is usual, to the mathematical reserves (also keeping in ranting of profit shares to life insurances po-).

balance sheet closes with a surplus of 044 lire; the profit coming from the man-ife insurance is 15,472,831,751 lire, and the ng from non-life insurance is 6,792,503,293 976 dividend per share is 550 lire.

olders, moreover, have decided to allocate surplus — 14 million lire — to a "special be used for the purchase of Generali shares ket price. Such purchases are to be made on the Stock Exchange.

rdinary General Meeting approved the) increase the Company's capital from 000 to 65,830,176,000 lire, to be offered shareholders through the issue of new shares ease in the nominal value of shares from 00 lire.

All of these securities having been sold, this announcement appears solely for purposes of information.

NEW ISSUES

July 20, 1977

\$750,000,000

International Bank for Reconstruction and Development

\$250,000,000

7% Five Year Notes of 1977, due August 1, 1982

\$250,000,000

7% Ten Year Notes of 1977, due August 1, 1987

\$250,000,000

8.35% Twenty-Five Year Bonds of 1977, due August 1, 2002

The First Boston Corporation

Salomon Brothers

Morgan Stanley & Co. Incorporated

Goldman, Sachs & Co.

Merrill Lynch, Pierce, Fenner & Smith Incorporated

Bache Halsey Stuart Shields Incorporated Blyth Eastman Dillon & Co. Incorporated Dillon, Read & Co. Inc. Donaldson, Lufkin & Jenrette Securities Corporation Drexel Burnham Lambert Incorporated

Hornblower, Weeks, Noyes & Trask Incorporated E. F. Hutton & Company Inc. Kidder, Peabody & Co. Incorporated Kuhn Loeb & Co. Incorporated Lazard Frères & Co. Incorporated

Lehman Brothers Incorporated Loeb Rhoades & Co. Inc. Paine, Webber, Jackson & Curtis Incorporated Reynolds Securities Inc. Smith Barney, Harris Upham & Co. Incorporated

Warburg Paribas Becker Incorporated Wertheim & Co., Inc. White, Weld & Co. Incorporated Dean Witter & Co. Incorporated

ABD Securities Corporation Basle Securities Corporation EuroPartners Securities Corporation Scandinavian Securities Corporation

SoGen-Swiss International Corporation UBS-DB Corporation Daiwa Securities America Inc. Robert Fleming Kleinwort, Benson Incorporated

The Nikko Securities Co. International, Inc. Nomura Securities International, Inc. Yamaichi International (America), Inc.

New Japan Securities International Inc.

Ultrafin International Corporation

LABOUR NEWS

AUEW will use block vote to back 12-month pay rule

BY NICK GARNETT, LABOUR STAFF

MR. HUGH SCANLON, president of the Amalgamated Union of Engineering Workers, made it quite clear yesterday that the union will use its block vote at the TUC Congress next month to support the 12-month rule on pay settlements.

The way other unions vote on the 12-month rule, however, will almost certainly determine the final stand adopted by the AUEW.

The union's national committee is due to reconvene in November and would be likely to reverse the decision to support the 12-month rule if the rule was voted out by Congress.

Irrespective of whether the majority of Congress votes in support of the rule, the AUEW's national committee might be influenced by the way the Transport and General Workers Union will use its vote.

Both unions operate in a large number of common industries and would find it uncomfortable if not unwelcome, to have widely different policies on pay targets.

Although the logic of the TGWU's conference decision in July to seek an "unfettered" return to free collective bargaining would appear to result in an abstention or vote in September against the 12-month rule, it is not clear just how the union will use its 2m block vote.

Despite the conference decision, the union's finance and general purposes committee has told officials that Phase Two agreements should not be broken.

The AUEW's original conference decision on pay early this summer—an immediate return to free collective bargaining at the end of Phase Two—leaves it in an ambiguous position because it made no mention of the 12-month rule.

The executive council has clarified over the past two weeks its understanding of the decision

Building contractors face 30% claim

BY PAULINE CLARK, LABOUR STAFF

TWO SECTIONS of the private building contractors industry will face this month with substantial pay claims by more than 50,000 skilled workers following the expiry of the Government's Phase II pay policy this week, union leaders confirmed yesterday.

Renewal of annual pay agreements for 18,000 pipe fitters in the heating and ventilating industry and some 33,000 plumbers employed under a national agreement in England and Wales are due this month.

The National Union of Sheet Metal Workers, Coppermiths, Heating and Domestic Engineers has tabled a claim of 30 per cent for consolidation of the Phase II increase of 5 per cent. When it meets negotiators for the Heating and Ventilating Contractors Association on August 13 it will also be asking for a fourth week's holiday to bring members in line with engineers.

Details have not yet been given of the claim by the plumbers, the largest group, due this month for a new national agreement, but it is certainly well above the 10 per cent earnings increase target which the Government hopes to achieve this year.

Frustrations have built up among plumbers working on site alongside other building workers, such as those carpenters and plasterers whose pay is not determined by a national agreement. In spite of pay restraint over the past two years, the National Association of Plumbers, Heating and Mechanical Services Contractors, the plumbers' employers, claimed yesterday that site agreements have blown differences apart. There was "an outcry for a realistic rate for the plumber's job."

The heating and ventilating industry's joint conciliation committee will be asked in the 30 per cent claim to take into account a 10p-an-hour increase which the union says was agreed two years ago but had to be shelved with the onset of the pay policy.

Union members employed by contractors and who include skilled fitters said to be earning "well below £10 a week" claim a large disparity with similarly skilled fitters employed in factories rather than in site-to-site employment.

The plumbers' claim will be the basis for negotiation by the joint industry and union representatives of some 8,000 employers in the plumbing contracting industry, when the present agreement expires on August 10.

Union backs new peace bid in toolroom strike

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

RENEWED efforts will be made today to seek a settlement of the five-week strike by Lucas Industries toolroom workers which threatens widespread disruption in the motor industry.

Production has already been hit at 12 Lucas factories in the Midlands supplying important motor components. Lay-offs climbed to 3,500 yesterday, and the company warned that another 1,000 will be made idle by Friday unless the dispute is settled.

National and local union officials will be meeting the shop stewards and management, in Birmingham, to try to work out a peace formula.

The 1,200 toolmakers are demanding an increase in their complex payments. They claim that planning levels have been reduced, and output raised, but their earnings have not matched the improvement.

The men are paid about £72, including an £8 bonus, for a 40-hour week.

Management has taken a fairly hard line in negotiations, realising that any significant concession might trigger off similar claims from other groups of workers.

In many ways the present dispute is a preliminary test of strength before the annual round of pay negotiations.

The toolroom traditionally sets the pace at Lucas, and some 60,000 workers throughout the group have still to enter meaningful negotiations on Phase Two pay awards, scheduled to come into effect from the beginning of last month.

At the Lucas Aerospace plant at Fordhouses, Wolverhampton, deadlock was broken in the eight-week strike by 350 machinists and inspectors.

After around 200 strikers had staged a demonstration outside the aerospace headquarters at Sutton Coldfield, management agreed to meet a delegation. Both sides decided to resume talks to try to resolve the dispute, which again centres on bonus payments.

More than 1,000 manual workers have been laid off at Fordhouses because of the dispute and management has warned the remaining 600 clerical staff that the situation is "grave."

Big pay claim at Plessey

MORE THAN 3,500 hourly-paid workers have joined their white-collar colleagues at Plessey Telecommunications in Beeston, Nottingham, in a claim for substantial pay increases and improved conditions. The claim, based on inflation, is for a minimum of £50 a week for skilled workers, as well as consolidation of maximum supplementary payments under Phases 1 and 2 of the policy, together with bonus rates.

They also want the same holiday and sickness schemes as the white-collar workers, a free pension scheme and full pay for employees from the age of 16.

Brewery labour investigation

A REPORT on industrial relations in the transport sector of Scottish and Newcastle Breweries' north-east region was published yesterday by the Advisory, Conciliation and Arbitration Service.

MPs 'made strike worse'

TWO WOMEN, MPs were accused yesterday by a union official of activities which he said may have helped prolong a strike of 450 women production workers at the Yardley cosmetic factory at Eastlodon, Essex.

Mr. Ron Todd, Transport and General Workers' Union's London and Home Counties secretary has made a formal protest to Mr. Ron Hayward, general secretary of the Labour Party.

Mr. Todd said he was "seriously concerned" about the activities of Dr. Donagh McDonald, Labour MP for Thurrock, and Mrs. Audrey Wiso, Labour Member for Coventry SW, during the strike.

"I promise to keep out of the House of Commons if they

Pay deal plea

THE GOVERNMENT was urged yesterday to offer a 10 per cent ceiling on price increases in return for moderate wage rises in the next 12 months.

In a letter from the Low Pay Unit, the Cabinet was asked to "call together trade union leaders within the next few days and offer a policy on prices for as long as over negotiating group maintains the 12-month rule and keeps within the 10 per cent norm laid down by the Chancellor."

No Despatch as printers join closed shop strike

By Aan Pike, Labour Staff in Darlington

THE EVENING DESPATCH, Darlington failed to appear yesterday as plant workers have supported the National Union of Journalists in its closed shop strike at North of England Newspapers.

Members of the National Graphical Association and SLADE, the process workers' union, joined journalists' picket lines yesterday following a decision by the TUC's printing industries committee to give full and effective support to the NUJ.

Non-NUJ journalists at Darlington last night were still working on today's edition of the group's morning newspaper, the Northern Echo. But with no NGA members reporting for duty, it appeared that the paper's record of 107 years, uninterrupted publication would be broken.

The TUC Printing Industries Committee is due to meet today and will have before it revised proposals based upon a management offer of independent job evaluation as an alternative means of resolving journalists' problems.

The official offer was rejected by the NUJ.

NUJ members at North of England, part of Westminster Press, declared a post-entry closed shop last year. Their two-month-long strike is over the employment of a seditious editor who refuses to join the union. She is now a member of the non-TUC affiliated Institute of Journalists.

Westminster Press opposes the closed shop in journalism. The company has warned that a prolonged stoppage at Darlington could jeopardise the future of the Evening Despatch which, with a circulation of about 17,000, is the smallest evening newspaper in the country.

Westminster Press has a range of evening and weekly newspapers throughout the country. It is anticipated that the printing industries committee may involve workers elsewhere in the group, unless the action at Darlington leads to new and successful negotiations.

The NUJ strikers are receiving £40 a week strike pay while SLADE and NGA members are being paid under the arrangement of their own unions.

It is still unclear whether members of another print union at Darlington, the National Society of Operative Printers Graphical and Media Personnel will support the journalists' action.

NUJ probe on Kettering dispute ends

A NATIONAL Union of Journalists disciplinary inquiry into the conduct of several journalists during the 34 week strike in Kettering earlier this year has ended. The strike was by NUJ members employed in the East Midlands Allied Press Group.

Yesterday the cases of eight journalists who continued to supply copy from their homes during the dispute were heard. A ninth journalist, who was absent, made a written statement.

On Monday, nine others involved appeared before the inquiry.

The committee is said to have reached agreement on a recommendation that it not expect to be made known until it has been considered by a full meeting of the union's national executive council. The council has the power to change the recommendation.

If any of the journalists disagree with the final recommendations they have the right to appeal under NUJ rules to a committee elected at annual conference from among the delegates.

Alcan peace

ABOUT 120 craftsmen yesterday agreed a 25 per cent pay increase at the £75m Alcan plant at Lynmouth, Northumberland. The decision was the result of talks between company and union on regrading.

APPOINTMENTS

Three senior executives become NEDC members

Mr. Richard S. Frankman has been appointed deputy managing director of KIDDER PEABODY INTERNATIONAL, London, replacing Mr. Donald M. Gray, Jr., who is returning to New York. Mr. Frankman will be responsible for all investment banking in Europe. Mr. Claus C. Moellmann, formerly a lawyer in Germany, has joined the company and will be working in investment banking.

Mr. Peter Hewitt has been appointed managing director of CANADA DRY (UK) and Mr. R. G. White has become commercial director, Bass Charrington is the parent concern.

Mr. Barry Smith has been appointed managing director of LADYSHIP INTERNATIONAL (PLANT) following the retirement of Mr. Charles Jackson, chief executive. Mr. Smith has been with the company for 25 years and was managing director of the tractor and engine division.

Mr. Murray, financial director of at headquarters, to be chief as surveyor (sales and purchases) Mr. R. C. J. Bray, chief as surveyor (sales and purchases) will be estate surveyor manager, Eastern Region, K. Cross and Mr. D. A. Bar estate surveyor (London development), to be estate surveyor manager, Southern Region, Victoria.

Mr. A. George, a director, Littlewoods Pools, has been appointed a main Board director of the LITTLEWOODS ORGANISATION.

Mr. J. A. Fuller has appointed his group director engineering of HOPKINS HOLDINGS. Succeeding him managing director of the sidley, Hopkinson, Limited, Mr. W. R. Pickering who joins the group Board.

The following appointments have been made on the BRITISH RAIL PROPERTY BOARD to take effect from August 15: Mr. R. J. Haxby, property director, to be director (development and sales); Mr. G. B. Simpson, estate surveyor and manager of the Property Board's Southern Region, to be director (estate management) and a member of the Property Board; Mr. W. T. Boston, chief estate surveyor (London development) at headquarters since 1974, will become chief estate surveyor (development); Mr. F. Hale, estate surveyor and manager of the Property Board's Eastern Region, will be chief estate surveyor (management); Mr. L. Simpson, chief estate surveyor (provincial development) joins the group Board.

The Prices Secretary has appointed Mr. W. F. Higgins as chairman of the CENTRAL TRANSPORT CONSULTATIVE COMMITTEE until July 31, 1980. He succeeds Mr. R. P. Roberts, the retiring chairman.

Mr. W. T. Rooney, managing director of Gowar Furniture, has become joint managing director of LADYSHIP INTERNATIONAL (PLANT) parent company, and Mr. R. S.

Nchanga Consolidated Copper Mines Limited

(Incorporated in the Republic of Zambia) Statement by the Chairman, General the Hon. G. K. Chinkuli, M.P.

By this time last year, signs of an economic recovery had begun to manifest themselves in a number of developed countries by the United States. Welcome though this development was, my predecessor cautioned against too quick a recovery because this would have only intensified the inflationary pressures from which many world economies were, and still are, suffering. Now a year later, I have the unique opportunity of reporting two apparently contradictory features: the failure of the hoped for recovery to materialise, on the one hand, while, on the other, the Company enjoyed an improvement in cash flow, thanks to our very good production and the Kwacha devaluation on 29th July, 1976.

Various problems, among them low metal prices on the London Metal Exchange (LME), affected the operations of the Company, were very much in evidence during the year ended 31st March, 1977. Nevertheless, the level of copper production achieved was the second best in the company's history. Copper sales were similarly high. In view of serious constraints experienced by us during the past year, this is no small achievement by any means.

Operating Results

The highest copper production (for a financial year of 12 months) of 440 007 tonnes was achieved by the Company during the year ended 31st March 1977. The year ended 31st March, 1977, saw the Company produce 427 810 tonnes of finished copper which was the second highest. This output exceeded the previous year's production by 42 306 tonnes and the year's target by 2 810 tonnes.

These results are most encouraging as they were achieved against a background of shortages of essential supplies, including spares, due to the scarcity of foreign exchange which continued throughout the year. Furthermore, despite the various measures introduced by the Company to arrest the loss of skilled and highly experienced personnel and to improve our recruiting effort, shortages of such manpower continued. Railway transportation problems, which still remained unresolved, were yet another inhibiting factor.

Cobalt production was 1 538 tonnes, of which 995 tonnes were of metal to the account of this Company. The balance was produced on behalf of Roan Consolidated Mines Limited.

While each Division played a part in these results, mention must be made of the Chingola Division where ore deliveries to the Mill were increased and a high rate of copper production was achieved during the first half of the year when mining of a high grade area in the Nchanga Open Pit (NOP) became possible. Our subsequent plans to draw ore from a newly developed high grade zone in the Lower Orebody of the underground mine, when operations in the NOP had to be moved eastwards into the lower grade areas, received a setback when residual ground water was encountered which hindered the mining of the new zone. The delay, though likely to be only of short duration, has resulted in higher tonnages from open-pits at a lower than expected grade of ore to the concentrator.

The Division's Tailings Leach Plant continued to operate well despite the unsatisfactory situation resulting from poor deliveries of lime to both this Plant and the High Grade Leach Plant because of the inadequate capacity on the rail system. For long periods, secondary leaching was not possible. In order to improve the situation, the Company has had to open three locomotives to Zambia Railways.

Last year my predecessor advised that plans for the extension of the Tailings Leach Plant by the construction of Stage III were being considered. During the year under review, planning reached an advanced stage for the whole project which will consist of the extension of the Tailings Leach Plant proper, the construction of an acid plant and the extension of the line plant of the Nchanga Lime Company Limited, an associated company, by installing a second rotary kiln at Ndola. The estimated cost of Stage III is K159 million, at inflated prices, and the construction period is three and a half years. When completed, Stage III will produce approximately 400 000 tonnes of cathode copper per annum from the treatment of tailings for a period of about 10 years. Thereafter, the plant will be adapted for the treatment of other materials. Negotiations for raising the necessary finance have also reached an advanced stage and I am confident that the Company will be able to conclude satisfactory arrangements. I am sure members will be interested to learn that, in a world of ever increasing costs, Stage III will produce relatively low cost copper as the materials to be treated have already been mined and milled.

At Rokana, the great improvement in the smelter operations contributed in no small measure to the year's results because, despite the operational and staffing difficulties encountered earlier in the year, it performed well in the latter half and stockpiles of concentrates were being reduced rapidly. As reported last year, the open pit operations and oxide concentrator were closed. However, in view of the increasing difficulties in meeting targets from the underground mines, this decision was reviewed and limited operations were undertaken from the better grade areas.

Output from Konkola Division continued steadily although the high rate of water pumping has still not succeeded in lowering the water levels sufficiently to dry out the ground ahead of development. The dewatering programmes are costly but the mining operations are efficient and the Division operates successfully. Better progress in future with the control of water will be necessary to open up considerable reserves of ore for mining.

The Company has decided to reopen the Kansanshi mine but, in view of the continuing low metal prices and the need to establish firmly the geology and metallurgy of potential reserves, operations will be on a small scale initially. Equipment is being moved to the mine.

Broken Hill Division had a disappointing year. Total lead and zinc production decreased for the second year running from the 1976/77 figure of 64 859 tonnes to 44 751 tonnes.

An improvement in operating results from the Waelz Kiln complex only began to materialise early in 1977 after a new type of refractory lining was installed in the Kins and the Division started using the reductant produced in the Fine Coke Plant which was commissioned in November, 1976. Just as throughout and recovery were improving, overheating occurred in the cooling and expansion chamber of No. 1 Kiln, causing this chamber to collapse. It has taken over four months to effect repairs. The plant is now operating again. In addition, major improvements and modifications have been effected in the Imperial Smelting Furnace complex and I am optimistic that production from this Division will be maintained at targeted levels from now on.

It is with regret that I record that I can see no marked improvement in the situation in the near future for such is the caution which is abroad at the moment, in the face of inflationary fears.

There was, however, an improvement during the year in the price for your Company's copper. The London Metal Exchange open cash settlement price for wirebars increased from an average of £580 (K791) per tonne in the financial year 1976/77 to an average of £835 (K1 091) per tonne in the year under review. Some of this increase was associated with the decline of sterling throughout 1978. Since then there has been a welcome stability in the international value of sterling. There was an increase in the LME price expressed in U.S. currency from an average of 56 cents per lb. in 1976/77 to 66 cents per lb. in 1977/78, representing a real improvement in the international purchasing power of copper sold by your Company.

The devaluation of the Kwacha by 20 per cent on 29th July, 1976, basically improved the financial position of the Company measured in Zambian currency, even after allowing for the increased overseas payments and somewhat unfavourable tax treatment of the now higher Kwacha cost of loan repayments. The Company has achieved some real success in containing costs over the past financial year. But I must warn that we will have to face the full brunt of the cost increases resulting from devaluation in the year ahead.

The plight of the developing countries in the face of the general slump in commodity prices since 1975 and inflationary conditions in the more industrialised countries has been discussed at various international forums. Zambia has taken part in UNCTAD meetings in Geneva and the North/South dialogue in Paris at which schemes for stabilising commodity prices, including the price of copper, have been discussed. The Intergovernmental Council of Copper Exporting Countries, CIPEC, of which Zambia is a founder-member, has continued to explore ways of achieving more equitable copper prices. I must admit that significant progress has yet to be made, but I do feel that the concerted action of producers and consumers will inevitably yield results.

The basic weakness of the copper market remains although it may be that the Western World stock position of over two million tonnes as the time of writing is an excessively gloomy measure taking into account the fact that fabricator stocks are minimal. I still find comfort in the knowledge that the copper price is well below its long-term trend line and I am hopeful that in the year ahead your Company will at least experience a copper price which covers its increased costs of production.

Sales

Copper sales for the financial year under review totalled 425 931 tonnes compared with 386 201 tonnes for the 1976/77 year. Consequently, the year's sales of 425 931 tonnes are exceeded only by the 1972/73 sales tonnage of 445 794.

Due to low production, lead and zinc sales of 15 403 tonnes and 51 997 tonnes, respectively during the 1976/77 financial year were achieved by depleting finished stocks held at 31st March, 1976.

Cobalt sales were 2 408 tonnes (1976/77: 1 362 tonnes) of which 1 934 tonnes (1976/77: 1 352 tonnes) were cobalt metal sold to the Company's account. As for lead and zinc, the high sales figure was achieved by depletion of finished metal stocks.

Finance

During the financial year ended 31st March, 1977, your Company earned K506 383 000 from the sale of copper, cobalt, lead, zinc and other metals compared with K327 320 000 for the previous year. The average realisation for copper was K1 072 per tonne against K768 per tonne for 1976/77. The profit before tax was K83 511 000 compared with a loss, calculated on a revised basis, of K49 412 000 for the preceding year. As a result, the provision for tax payable of K49 119 000 compares with the 1976/77 tax recoverable of K54 276 000 which means that NCCM will move into a tax paying situation considerably earlier than forecast.

In the January, 1977 National Budget, the rate of taxation was increased with the result that the effective rate of mineral and income tax for copper was raised to 75.5 per cent from the rate of 73.05 per cent which applied until 31st March, 1976.

The extraordinary loss arising from devaluation of the Kwacha amounted to K32 021 000 after setting off tax allowances of K7 048 000. This leaves a profit for the year of K2 471 000 which, together with the profit of K9 029 000 brought forward at 31st March, 1976, gives a total of K10 500 000. An unappropriated profit of K11 376 000 has been carried forward after transfer from reserve of K953 000 for realignment of currencies and after appropriations for preference share redemption and dividends.

No dividends, other than those due on preference shares, have been paid.

By strict control, we have limited capital expenditure in 1976/77 to K16.1 million compared with just under K40 million for the preceding year.

Industrial Relations

For an organisation of its size, the Company has good reason to be proud of its excellent record in the industrial relations field. During 1976/77, we suffered only minor work stoppages which resulted in a loss of 6 500 manhours. I am sure that shareholders would like me to thank the management and employees for their joint efforts in maintaining such a record.

The past year has seen the introduction in Zambia of workers' participation in industry through the coming into effect of Part VII (Works Councils) of the Industrial Relations Act, 1971. This is a development which this Company welcomes wholeheartedly, especially as we are part of an industry where management and employees have already established an enviable record in industrial relations.

However, it should be pointed out that the experience of the past few months has highlighted an urgent need for the education of those to whom the promotion of the success of their undertakings is entrusted through election to Works Councils. For this reason, I would be falling in my duty if I did not call on the management to do everything possible to ensure that this process of education should precede the date when Section 72 of the Act, which gives Works Councils wider powers, comes into effect.

Zambianisation, Training and Manpower Planning

Our manpower needs, especially in the field of technical skills, continue to be a matter of considerable worry to your management. Over the past year, the rate of expatriate losses had increased. As at the year end, there were 2 248 expatriates in your Company out of a total labour force of 34 940. It is becoming increasingly difficult to retain and recruit skilled expatriate personnel. To contain the situation, we are making strenuous efforts to train Zambian personnel and encouraging results are being achieved. It remains your Company's policy to train and give experience to Zambians to allow them to move into positions of greater responsibility as soon as possible.

Staff

Mr. S. F. Gandar left Zambia at the end of March, 1977, and was succeeded by Mr. M. P. O'Connor as Consulting Engineer. I would like to thank Mr. Gandar for his contribution to the well-being of this Company.

I wish to express my sincere thanks and appreciation to all the employees of the Company for the excellent industrial relations record maintained, good production achieved and for their faith and dedication to the affairs of the Company during the past year. It is particularly pleasing that my involvement with your Company should commence on such a happy note.

Future Outlook

The immediate future is, at best, uncertain as this will depend on the long-awaited economic recovery, it also remains to be seen whether, once the recession is over, the industrial activity will last for any meaningful period. Since the end of March, 1977, the copper price has dropped from £878 (K1 198) to £718 (K970) on 18th July. What is certain, therefore, is that unless the price improves significantly in the near future, the Company will face considerable financial difficulties.

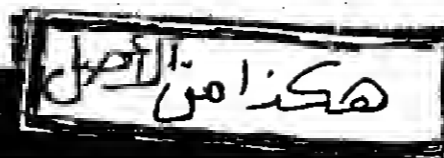
It is, however, becoming clear to me that the price of copper must be related to the cost of production in the long-term. Many copper producing companies just cannot continue to operate at prices as they are, nor can new mines be opened or existing ones extended unless a more suitable and stable price can be accepted internationally. In conclusion, I would like to pay special tribute to the Hon. A. J. Soko, M.P., my predecessor, for his invaluable contribution to this Company.

Metal Prices

Shareholders will recall that, at this time last year, there were signs of an increase in the physical demand for copper throughout the Western World. Regrettably, the economic recovery of the industrialised countries in the first half of 1976 which, in terms of the overall real growth rate, was approximately 6.5 per cent, declined to about half that rate in the last 12 months. In particular, capital investment in industrialised countries, upon which copper consumption so much depends, continued to be low.



Copies of this statement with the annual report and accounts will be available from the office of the United Kingdom Transfer Secretaries, Charter Consolidated Limited, PO Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.



LOST of the past 14 years, other factors including wage drift. Compared even to the conducted their pay nego- s against a background of precise guidance on the levels of wage rises for they should be aiming, the start of this week, r, managements have to their negotiating strate- nd to make contingency eements in financial plans little idea of how much ill eventually settle for coming months.

An official guidance is now le from the Government, the suggestion contained White Paper on pay that general level of settle- must be well within figures," and that no ould be paid not till 12 after employees' last ed two weeks' ago and the Chancellor of the er's July 15 House of ns speech, also said vaguely that "the level of pay/settlements be moderate enough to that the national earn- ing is no more than 3 per cent."

means there is no pre- vention (or TUC) d figures for the level settlements as opposed all earnings increases, nclude a number of

The CBI hopes to influence wage settlements through its data bank and advisory service on pay. John Elliott examines its prospects

Employing collective help in the bargaining maze

the CBI, although it has for many years operated a more limited general employment advisory service, which includes notification of industry-wide pay deals. The CBI also did some more widespread monitoring of large settlements in the Conservatives' "n-1" time.

Other arrangements also exist, in varying degrees of formality, for exchanging wage bargaining information, although both the CBI and companies are conscious of the risk of falling foul of price-fixing legislation. The CBI also services a long-established employers' consulta- tive council on Merseyside, and there are also other close wage bargaining links between indi- vidual companies (the oil in- dustry is one notable example)

other agreements covering interests) for a high figure may not be very anxious to admit such a sin, even privately, to the CBI, and would be even less willing for another company to be told about it.

How far such an ambition is either practical or manageable has yet to emerge. Initially the CBI has three staff in its social affairs directorate working on the data bank and advising service project and, to begin with at least, the statistics will be coded and filed without the help of a computer. The information received will then be collated, probably into monthly statements for the CBI's council, and will also be passed on to other companies where the provider of the information agrees.

While there can be no doubt that such a service is in the interests of the company receiving the information, it is more open to doubt whether other companies will want to hand over totally honest and accurate information in the first place and, secondly whether they will agree to it being released with their name attached, either publicly or to another individual company.

The CBI has often found in the past that companies are less willing to provide and confirm information, even though it may already be available (thanks to union and other sources) in newspapers. Added to this commercial desire for secrecy, is the fact that a company setting (in its own best short term

Renewed scope for medical schemes

BY ERIC SHORT

65 **VISIONS** **BENEFITS**

URING HIGH levels of in recent years have companies look more overall packages of tion to employees, hsn just salaries, where senior execu- concerned. One part package which was growing attention ie imposition of pay s the establishment of medical insurance. Under these, private reatment of employees for by insurance s. ble shows just how hese schemes were hoosting fringe bene- hiccough in 1976 the effects of the in hip, so it did not even hose members lost by

treating employees as units of production, it makes economic sense to have their medical problems put right as soon as possible, certainly at a time most convenient to the company. An employee with even a nig- gling ailment is not likely to be operating at 100 per cent. efficiency. But the company will want that ailment dealt with at a time which is most convenient to it so that company activities are disturbed as little as possible.

In addition, because the employee being treated is in a private room with a telephone and access at most times, he can still take part in company activities once the immediate post-operation period is over (usually 48 hours). Thus the provision of medical insurance schemes can have a direct benefit to the company, at least for senior executives, as well as hoosting the overall remuneration package.

It must be pointed out here that it is not a practical proposition for companies simply to pay the hospital bills them- selves, even though on average this would be cheaper than the insuring. The present tax situation would assess such pay-

ments as a benefit against the individual and therefore make either liable for income-tax through a scheme arranged through a medical insurance agency or an insurance company, however, only the contribution is treated as a benefit in kind; this applies to every employee covered by the scheme, whether they are treated or not.

Medical insurance contracts provide for several types of covered. For example, pay bed charges in the NHS are re- viewed once a year in April, when a substantial increase usually occurs. Hospital costs vary considerably over different parts of the country. The charge for a NHS pay bed in a London teaching hospital is £387.10 per week, the cost for a provincial hospital is £275.80. So a scheme which can ease the employee paying part of the costs is not likely to be well received.

Under the second system, there is life danger of in- adequate insurance, except for the chronically sick. However, the premiums can be higher, at least initially. But now the medical agencies are operating

schemes under which the claims experience of one year affects the premium in the next. If a company makes very few claims, it will have a rebate to offset next year's premium.

The medical insurance agencies—British United Provident Association, private Patients Plan, West of Scotland Assi- ciation, Allied Medical Services and Crusader Insurance—are poised to go out again and sell their plans to companies; this is where they expect all future growth to come from. But there is a wide variation in cover provided. Companies must compare plans before deciding which to choose.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Chnical Page

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also quotes the view of the new paragraph of the ment from the Nicholson House, Maidenhead SL6 1LD. 0628 36131.

ELECTRONICS
Graphics by micros

THOUGHT to be the first of its type offered and supported by a microcomputer maker is a graphics software support package developed by Zilog (U.K.) at its Maidenhead headquarters. It is intended for execution by any computer system using Z-80 equipment from the company and, at a nominal charge, allows users to generate display and print complex images made up from any combination of vacu- um tubes, points and variable location characters with user-definable shapes and sizes. A driver allows the images to be presented on a screen through an optional accessory for which connections are already made in the basic micro.

Hard copy print-out by an Axion S10 printer on electro- sensitive paper is another option — the hardware interface is present in the Zilog computer system as standard.

More from Zilog (U.K.), Nicholson House, Maidenhead SL6 1LD. 0628 36131.

Kingat Leicester No17

Water is the largest area of water in ntry, even bigger than Lake mere. Why flounder in troubled waters ou can enjoy plain sailing in ershire.

Enquiries to: Gordon K. Smith Esq., City Estates Surveyor, New Walk Centre, Welford Place, Leicester, LE1 6ZG. Telephone (0533) 549822 Ext. 6760.

POWER Draws heat from air

SIEMENS is preparing to take advantage of the efficiency of the heat pump in using making Power. They would be faced, however, for a considerable time with the inconvenience of an additional variety of plug."

Many will think this a rather odd way of referring to the inconvenience, and the hidden cost, of curbing the new moulded-on plug of the appliance cord and wiring in a new one that will fit their present sockets.

COMPUTING
Beginners, please

LOW-COST, an entry-level 6000 series NCR computer, provides "conversational" interactive data processing for smaller businesses.

In addition to the I-8230, NCR has announced new disc storage units, band-type line printers, matrix printers, and a multi-channel communications adapter.

With a selling price of £21,450 for a 48K interactive multi-programming system with five megabytes of disc, the new I-8230 competes with such products as the Burroughs B-50, IBM's System 34 and the ICL Singer System Ten in price.

SAFETY
Tiny beacon has a big range

A NEW safety beacon, believed to be the most advanced available, and which was first carried two years ago as a prototype in the Financial Times clipper race, is going into full production at a plant in Hull in September.

Local Developments, which is part of the Electronics Marine Group, sited at the William Wright dock on the port, plans to produce about 80 beacons a week. Each will sell at around £100 in the U.K.

This new development has come about through co-operation between the group and the Royal Signals and Radar Establishment (RRE) at Malvern, where almost a decade of research on Surface Acoustic Wave (SAW) has been carried out by a team under Dr. Merion Lewis.

HANDLING Off-centre lift no problem

FROM THE beginning of next month, Bonser's new high capacity industrial fork-lift will be available on the U.K. market, with a few features additional to those offered when it was shown in pre-tool form at the International Mechanical Handling Exhibition earlier this year.

The D5000K has a lifting capacity of 11,000 lb at 24-inch load centre. Its integral sideshifting mast does not reduce lifting capacity.

There is a low centre of gravity and the layout is such that excellent accessibility to important components is provided.

Newly announced are an engine cut-off which operates automatically when the ignition is turned off. This means the engine cannot be started inadvertently if such action could be dangerous. At the same time, special control valves in the hydraulic circuits permits supplies from the two hydraulic pumps to be used variably to

the stringent requirements of the U.S. Federal Aviation Administration. The first operational unit is expected to be in the National Aviation Facilities Centre in November, to be followed by units at Oklahoma City and Edwards Air Force Base.

This development is of particular significance because of the recent interfacing of an ARTS II equipment with the primary radar at Heathrow and its associated SSR for trials which are to last three weeks.

Deca Software Sciences has made a presentation of the system to the Civil Aviation Authority, since it has world rights on ARTS outside North America, and Deca is marketing the system in conjunction with Software Sciences of Farmborough through this new company.

MACHINE TOOLS Shapes big components

DIAMETERS of metal components have been reduced by as much as 11 inches with a single turning cut on the latest NC lathe put on the market by Warner & Swasey.

Three chuck sizes are available for this machine—18, 21 and 24 inches. The machine is particularly suitable for operations on large components such as might be required for oil industry equipment or heavy construction plant. It has a 90 hp motor which may be overdriven for up to five minutes and there is the option of a 75 hp motor with the same 50 per cent overload capability. A variable speed drive offers 640 spindle speeds between 23 and 1,020 rpm.

The machine, which has been added to the manufacturer's SC Further information is obtainable from the institution on 01-pumpa to be used variably to

BCIRA SOLVES YOUR IRON CASTINGS PROBLEMS

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could produce nearly all their components from a single turret load of standard tools. Warner & Swasey is located at Bristol Street Works, 156-182, Bristol Street, Birmingham B5 7AZ. (021-622 1581.)

CONFERENCES Repairing oil rigs

MAINTENANCE of marine and off-shore structures is to be the subject of a conference to be held on October 13 at the Institution of Civil Engineers, Westminster, London.

Gas and oil rigs will be especially dealt with and the conference will cover underwater welding, repair of concrete and the maintenance of breakwaters. Further information is obtainable from the institution on 01-pumpa to be used variably to

FINANCIAL TIMES

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Wednesday August 3 1977

Not a very good report

WHATEVER else it may be the Think Tank's report on Britain's overseas representation is certainly voluminous, both in sheer length and in the number of recommendations, half-recommendations and options which it puts forward. Naturally, the writer of proposals includes some sensible ideas, as well as others which are distinctly less sensible. But the net impact of the 442-page document hardly lives up to either the hopes or the fears which it inspired during its 15 months' gestation. Those who had looked forward to sensational recommendations must prepare instead for prolixity, pedestrianism and bureaucratic jargon.

Overstaffed

One of the conclusions—that we have too many embassies abroad, that our embassies tend to be overstaffed, and that embassy staff are made too comfortable—will come as no surprise, since it has been part of the small change of ordinary observation for some little time. But it is curious that the report does not even query the cost of paying boarding school fees for diplomats.

Equally surprising is the contemptuous view taken of the political work of embassies abroad, as though it were neither important nor difficult. Perhaps the real problem about political reporting by embassies is that it is not universally superior to that which the Foreign Office can read in the British Press. Certainly, by according to a Quail d'Orsay request that it make no contact with the French Communist Party, the British Embassy in Paris can only be hampered in its ability to make a first-hand assessment of the political outlook in France.

A large and growing proportion of Britain's diplomatic activity consists of negotiations with (and thus, in a sense, against) other Governments in the European Community and in other multilateral organisations. It is arguable, therefore, that the British Government might be able to improve its negotiating ability, and thus its defence of British interests, if it were to step up the level of political work in embassies abroad. This argument has not,

however, been endorsed, nor apparently considered, by the Think Tank team.

On the contrary, the report concentrates most of its positive suggestions on the need to improve those aspects of British representation overseas which are concerned with export promotion. Now there is doubtless plenty of room for improvement in the services made available to exporters. But the idea that the Government should extend its interventionist policy to export services seems to us deeply misguided, if not downright foolish.

The Think Tank appears to start from the belief that the Government's "industrial strategy" is a reality, rather than a political will-o'-the-wisp. It goes on to deduce that the Government is not merely qualified to decide which markets and which products are worth concentrating an export effort on, but is entitled to back certain chosen exporters and not others. Some trade—with state-trading countries major development projects, arms deals—invariably involves a greater or lesser degree of Government participation. But in the normal run of exporting, the Government's role can and should only be that of an auxiliary. After all, the priorities of the so-called industrial strategy may not coincide with the needs of customers abroad.

Foreign policy

There is a good deal of sense in the proposals that certain home departments, like Trade or Overseas Development, should play a more prominent role in handling those bits of foreign policy for which in effect they are responsible; and that some types of work can be done as well if not better by visits from London, rather than by staff resident overseas. It is rather more difficult to see any great merit in the proposal for the creation of a Foreign Service Group, which would include both the existing diplomatic service and staff from other ministries who would be expected to spend part of their specialised careers abroad. If there is to be reform in our overseas representation, it is unlikely to come as a result of the Think Tank report.

Another couple of billion

THE OFFICIAL reserve of foreign exchange rose by another \$1.85bn. in July to reach \$13.42bn.—easily a record in absolute terms, if not in terms of the number of months for which it could finance imports at current rates. There were a couple of minor special factors at work: there were \$205m. of U.S. subscriptions for the BP issue, partly offset by a small outflow to disappointed subscribers elsewhere, and there was \$56m. of exchange cover loans by public authorities, of the sort that is now coming to an end. But the bulk of the increase during the month, which turns out to be at the upper end of the range of figures predicted, was due to the policy of pegging the sterling exchange rate to that of the dollar at a time when the dollar was falling. This policy was abandoned and the pound set free to rise against the dollar exactly a week ago, the day on which the U.S. announced poor trade figures for June and on which the U.K. reserve balance for July was struck.

The present policy is to hold the sterling exchange rate roughly stable against the U.S. dollar but against the leading currencies as a whole. But money is still coming in from abroad on a considerable scale, despite all the uncertainties of the economic outlook, and this faces the authorities with certain problems.

Money supply

The most significant of these are in the field of monetary policy, which has become still more important since the Government's failure to reach agreement with the unions about a further period of voluntary wage restraint. There is little doubt that the growth of the money supply was kept under reasonable control during the banking month to mid-July: other influences apart, there were sizeable calls on partly-paid gilt-edged issues, including the long tap which sold out yesterday after only a week of effective life, and much of the foreign money coming into the

country was also invested in gilts. Whether the same will remain true in the current banking month remains to be seen, though the rise in the exchange rate against the dollar has created the sort of rising market in gilts on which heavy sales become possible.

If the inflow of foreign currency continues, however, it may prove difficult to keep the money supply rising no faster than the target rate laid down by the Chancellor. It may be said that this is an unregal problem, since the inflow will dry up as soon as large wage demands are put forward; but it has not stopped yet, the balance of payments on current account is now in surplus, and the authorities have to be ready to meet the problems of success. One possibility would be to impose some penalty, as the Swiss and German authorities have done, on an influx of unwanted foreign bank deposits, though this does not seem to be under active consideration at the moment.

Not too high

The main alternative possibility is a fall in interest rates. These are already falling, at both the short-term and the long-term ends of the scale. The selling-out of the long tap could help further at one end, while another fall in Treasury bill rate this Friday enough to cause a drop in Minimum Lending Rate could help at the other. How far rates can fall at present, however, is a difficult question. U.S. rates are rising—U.S. Treasury bill rates rose sharply earlier this week—and it is anybody's guess how far the gap between U.K. and U.S. rates can narrow when the pound is firm against the dollar. There is a further policy option, to let the exchange rate float still further upwards and so cut the coat of imports. It is one that seems unlikely to be taken, however. The authorities expect some of the money that has recently swollen the reserve to flow out again before long and are anxious to ensure that any drop in the exchange rate then takes place in a controllable and moderate.

THE EMERGENCE of France's hitherto not very effective anti-nuclear lobby was marked on Sunday by the day-long battle between demonstrators and police around the site of the projected fast breeder reactor at Creys-Malville, near Lyons: one person died and over 100 were injured. In Britain, our own anti-nuclear lobby has also been making its way into the limelight, rather more quietly. Having cut its teeth three years ago on the controversy about the light water reactor, it is now confronting British Nuclear Fuels at the public inquiry into the latter's plans to build a new thermal oxide reprocessing plant at Windscale.

In other countries, however—notably the U.S., Germany, Sweden, Japan, and Australia—the progress of the opponents of nuclear development has been much more dramatic. Over the past few years, environmental groups in these countries have managed to mobilise a number of public doubts and anxieties. These range from reactor safety and waste disposal to increasing concern about proliferation and possible nuclear terrorism—particularly about the fast breeder reactor and the associated "plutonium economy" to be widely developed—and the impact which opposing these threats might have on civil liberties. This has meant that although the anti-growth, small-is-beautiful philosophy which tends to form a major plank in their platforms would in itself command little popular support, these groups have managed to inflict sizeable setbacks to nuclear programmes.

Supplies limited

Their successes have caused widespread alarm among the nuclear and electricity supply industries, and among some governments—notably the German. With oil reserves becoming progressively scarcer, it is felt that only a large-scale expansion of nuclear power can sustain economic growth and that, with uranium supplies also limited, the introduction of the fast breeder reactor, which uses uranium much more efficiently than conventional thermal reactors, must also be pressed. The prospect of declining growth raises the spectre of rising unemployment and problems of social cohesion in countries where people have become used to continuously rising living standards.

In each of the three most powerful economies of the west, the U.S., Germany and Japan, the anti-nuclear lobbies have made their mark. In the U.S., President Carter has himself come out against early commercial development of the fast breeder reactor and the reprocessing of spent nuclear fuel, but has proposed a substantial programme of existing thermal



Helmeted demonstrators carrying sticks try to enter the "forbidden zone" at the reactor site at Creys-Malville, near Lyons.

reactors. Environmentalists have, however, by exploiting the complex planning procedures for new nuclear plants, managed to extend the average delay from first work on the site plan to commissioning for these reactors to 10 years.

A further challenge to the U.S. nuclear industry has come from the successful contesting in a federal district court of the constitutionality of the Price Anderson Act, which limits the liability of a utility in the case of any disaster. Should this judgment be sustained on appeal, the size of potential damage claims would make it all but impossible for utilities to obtain insurance on nuclear power stations.

In Japan, opposition very much at grass roots level—usually about local issues like fishermen's fears of the sea being heated up, and generally with the sympathy of local government—has reduced the rate of nuclear power station starts from the six a year at which, a few years ago, the Government aimed, to about two a year. The present target for nuclear power generation in 1985 is 33,000 MW. It has been scaled down twice, from an original 60,000 MW in the past four years, because of the objectors' pressure.

Investment, are still being blocked by legal objections. Similar objections will be raised against the newly approved stations. Serious difficulties over finding a site for the disposal of nuclear waste have been treated by a court as grounds to stop a nuclear power station being built, and reinforced the movement inside both parties in the ruling coalition—the Social Democrats and the liberal Free Democrats—against the nuclear power programme. At both party congresses later this year the anti-nuclear lobby will mount a determined challenge to the government's arguments for the necessity of nuclear power.

Elsewhere, the anti-nuclear lobby has already secured control of important political groupings. In Sweden, which in the 1960s had for its size the most ambitious nuclear programme in the world, the leader of the Centre Party, Mr. Thorbjörn Fälldin, was elected Prime Minister last year on a promise to "halt Sweden's march into the nuclear society."

The Prime Minister's stand on nuclear power is not, however, shared by his coalition partners—the Liberals and the Moderates. In Australia—where the issue is not the use of nuclear power, which the country does not need, but the mining and export to other countries of uranium—the National Conference of the opposition Labour Party this month voted flatly to oppose uranium mining development for the time being at least.

In this country, the most significant anti-nuclear group is Friends of the Earth, who have made themselves an influential lobbying group by trying to pay careful attention to developing a well-worked-out case.

For example, Friends of the Earth, or FOE, as they are frequently known, go to some pains to avoid the label "anti-nuclear." Their energy specialist, Mr. Watt Patterson, emphasises that they are interested in the quality of growth,

and also with promoting developments which are labour- and skill-intensive rather than capital- and energy-intensive. By these lines of argument, FOE hopes to counter one of the central arguments of the supporters of nuclear power: that growth is necessary to provide employment and that economic expansion demands a commensurate expansion in energy use, which only nuclear power can provide.

In their evidence to the Windscale Inquiry, they will be soft-peddalling the contentious issue of how much can be expected from alternative renewable sources of energy such as solar, or wave, power. Instead, they will be trying to show that, on Department of Energy estimates, for economic growth, energy use will be less than projected, and by means of a vigorous policy of conservation the building of nuclear power stations could be unnecessary until the turn of the century.

Although it has been massive demonstrations like those at Creys-Malville or Brockdorff which have hit the headlines, porters of nuclear power to a substantial extent it has been patient action at inquiries or court cases, together with propaganda and lobbying, which have produced many of the anti-nuclear lobby's more striking successes. In Germany, the big demonstrations at Whyll and Brockdorff did much to get the anti-nuclear lobby under way; but perhaps a most important role was played by organised groups known as the "citizens' initiatives"—from which opposition originated—aided by outside legal and technical experts. In fighting nuclear development in the courts and through planning procedures,

In the U.S. there have been mass demonstrations—a recent one in Seabrook, New Hampshire, led to over 1,000 people being arrested—but more of running has been made, exploiting the complex arrangements for the granting of a licence for a nuclear station. Prospective constructors are required to provide Environmental Impact Statements: for they are allowed to proceed; challenges to these, with the aid of expert advice provided by the Union of Concerned Scientists, and of bodies, are now common and frequently successful. A public inquiry like that being conducted at Windscale, however, offers opportunity not only to the critics of nuclear power but also to itsponents. British Nuclear Fuels hope that they have already managed to lay to rest some of the wilder speculations about nuclear energy's harmful effects. And they will have a chance to criticise their opponents' claims in detail in cross-examination later on and in particular will doubtless want to remedy objections to their own views on future energy needs. Already the Inspector Mr. Justice Parker, has said if objections come forward alternative proposals for filling the energy gap; they must show how these would be effected and set out the financial costs and also "costs in terms of damage to persons, property, the environment."

Serious delay

The strength of the nuclear lobby is a very real development in the U.S. it goes back to the 1960s; but Sweden it dates only from 1975, and in Germany to 1975, and in France it is now really getting under way. This very poverty makes it difficult to assess how its influence attitudes are likely to develop. Already, however, it is clear that in the U.S., Japan, Germany the opponents of nuclear power have succeeded in seriously delaying the construction of nuclear power stations.

It may be that these setbacks will be reversed by the which have hit the headlines, porters of nuclear power to a substantial extent it has been patient action at inquiries or court cases, together with propaganda and lobbying, which have produced many of the anti-nuclear lobby's more striking successes. In Germany, the big demonstrations at Whyll and Brockdorff did much to get the anti-nuclear lobby under way; but perhaps a most important role was played by organised groups known as the "citizens' initiatives"—from which opposition originated—aided by outside legal and technical experts. In fighting nuclear development in the courts and through planning procedures,

MEN AND MATTERS

The other Forte's hotel

"I was chief cook and bottle washer, and I got tired of washing bottles." Michael Forte, younger brother of the good deal better known Sir Charles Forte, was recalling yesterday his departure nearly 30 years ago from the family firm, "Trust Houses Forte has grown into Britain's biggest hotelier—and now, in his early sixties, Michael Forte has made his own independent move into the hotel business.

He has bought the St. George's Hotel on the Promenade at Llandudno, North Wales, a grand Victorian establishment that like so many others of its type around our coastlines has been ailing of late. The hotel was thought to have been the resort's first, and in its heyday its patrons included David Lloyd George (who was wont to acknowledge his supporters' cheers from the front steps) and, improbably though it may sound, Bismarck.

The 80-bedroom St. George's has been owned for most of its 123 years by a local family, but latterly the hotel company was put into liquidation. The liquidator's staff have run the place for the last nine months, making what Forte regards as a surprisingly good job of it. He paid some £250,000 and Forte expects to spend a similar sum to restore the hotel to former glories, giving himself three years to make a success of the operation. But there does not seem to have been any advice sought from the other Forte, whose own recent hotel purchases have included the spending of a mere £27.5m. on 35 hotels sold by the troubled J. Lyons group. That deal is regarded widely as demonstrating the Forte nose for a shrewd deal. But Michael Forte declares: "I don't know anything

about my brother's business"

A great uncle started the Forte catering interests in Scotland before the First World War, and relatives were brought over from Italy, where Michael and Charles were born, to run each new shop. Charles opened his first milk bar in Regent Street in 1935, and for the next 16 years, Michael worked for his company. "I did as I was told," he said yesterday. "My brother was always very bright and I was a bit dull."

Michael Forte left to run the Cock Tavern in Fleet Street, selling up after eight years to marry a Welsh girl and move to North Wales where at various times he has operated restaurants and a (successful) commercial property company. As for Charles Forte, now 69, a delphic utterance in the latest issue of Accountancy magazine that he is "handing over" to long-time partner and joint chief executive Eric Hartwell ("my alter egg and blood brother") does not mean, Forte told me, his impending retirement. It is a continuing but gradual process of passing responsibilities to younger men.

Splitting

One of the key figures in the series of textile mergers of the 1960s, John Blackburn, is on the move again following the split-up of the partnership which put together the Spirella-Vantona household textiles combine two years ago. For, despite the statements at the time of the merger about the complementary nature of the two personalities involved, the difficulties of having divided control at the top have evidently surfaced. In Vantona-Spirella the control has been split three ways with Blackburn and Iranian-born David Alliance sharing the title of managing director with another executive



from the old Spirella group, Jack Menaged. Alliance and Blackburn both denied yesterday any Boardroom row and both say they remain good friends. "Now that the two companies have been put together successfully it is right that the group should have one chief executive and that falls naturally to David's lot," Blackburn commented. The group has recently published good first-half results and has signed a major deal to provide the Iranian textile industry with expertise. According to Blackburn, the time has simply come to find new pastures. Nevertheless it is another twist in an unusual career. A man who would like to be remembered for spotting first the opportunity for cotton polyester in the sheet market—now the main fabric used by the industry—he is more likely to go down in history for his part in the overthrow of Joe Hyman

at Viyella. Blackburn took over as chief executive after Hyman, leaving to move to Vantona, and in another major upheaval persuaded shareholders, against strong opposition from some Board members, to accept Spirella's bid. Despite the apparently amicable nature of the break-up of the partnership, Blackburn is leaving without any definite plans for the future; giving him the opportunity, he claims, to look around. He already has a range of academic contacts, including an honorary professorship in industrial economics at Nottingham University, though a new post in the world of real business looks more likely than a total shift to academic life.

Into the sun

Perhaps it was just a touch of yesterday's sun but an advertisement in one of the other national newspapers struck me as sounding an odd note. It called for aircraft fitters keen to earn £5,575 tax free to think about going to work in Saudi Arabia. The average fitter toiling away in the less hospitable financial climate of Britain would have to earn around £10,000 to collect so much net.

The jobs are on the Saudi Arabian defence support contract and the employer is the British Aircraft Corporation, newly nationalised and thus, as the ad. proudly asserts, a British Aerospace company. Surely there is some perversity in a State business lauding such delights elsewhere?

Quite, quite

According to the Eastern Dolly Press, auction house Sotheby Parke Bernet claims its net sales increased £24.1m. "on the precious year."

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Observer

The Ambassadors should sleep easy now

By MALCOLM RUTHERFORD, Diplomatic Correspondent

SIX years or so, it focus British representation the future of official overseas on the advanced industrial democracies — mainly Western Europe and North America. These countries together would practice the "new diplomacy," an activity largely concerned with economics, trade and social policy. Much of the rest of the world was dismissed as "the outer area," from which Britain would have either withdrawn entirely or severely reduced its official presence. As a number of diplomats have since remarked, the proposals, if implemented, would have led to British withdrawal from Abu Dhabi, and indeed from most of the Gulf, before the rise of petropower and petrocurrencies.

And, in truth, over the years there has been a number of changes in spite of, or perhaps even because of, these official reports. In 1964 the Foreign Service, the Commonwealth Service and the Trade Commission Service were amalgamated to form the present Diplomatic Service. The Colonial Office has gone with the Colonies. The Foreign Office and the Commonwealth Relations Office have

port admits, the case for another review did not lie in the excessive expense. Indeed, unlike Duncan, it was not even part of the think tank brief deliberately to seek economies. As a matter of fact, the origins of the think tank report appear to lie in various newspaper reports to the effect that a number of British Embassies abroad — notably Washington

of the Left or the Right-wing variety. The value of Britain's permanent membership of the Security Council, for example, is questioned. There is even a bias or two at the Commonwealth: "cuts arising from our recommendations," says the report, "should be applied with particular vigour to Commonwealth posts."

There is also a notable change in the language. Diplomatic wives, who can make or break a man's career, have become spouses. There is no shrinking either from new methods, or rather methodologies. When the idea looks at a Government department, it has it reduced to a number of "man years" in an instant. Plowden and Duncan had nothing like it: it is the approach bred of a kind of cultural revolution.

Africa. Shades of Sir Val Duncan and the recommendation to withdraw from the Gulf in the late 1960s! It is very striking that when it comes to what might be called "cultural diplomacy" — the British Council and the External Services of the BBC — the report virtually stends its philosophy on its head. There is naturally a limit to how far education and the arts can promote themselves. The French, the West German and, increasingly, the Japanese, respond by government subsidies. The returns cannot be measured, but it would be hard to find people who do not believe that the French, for example, do not in some way benefit from maintaining (say) schools abroad.

Rolls-Royce

Yet even Duncan had his hankering for the past. "If Britain," said the report in a memorable sentence, "may be compared to a man who decides that his requirements no longer justify the upkeep of a Rolls-Royce, the choice lies between retaining it by a smaller car of high quality or a lower quality car of the same size." "We are sure," it commented, "that the former option is to be preferred." It was still the Rolls-Royce diplomacy, or what the think tank to-day would call the elitist approach.

It turns out that even that has been changing. The report to-day reveals that, of its own accord, the Foreign Office is reducing the number of heads of mission abroad supplied with Rolls-Royce cars from 23 to 11. All those that remain will be in capitals where there is a reasonable probability that Rolls-Royce sales might be helped.



Sir Kenneth Berrill outside the Cabinet Office in Whitehall.

been merged and the Minister for Overseas Development has been in and out of the Cabinet, just as the Ministry has been in and out of the Foreign Office. There have also been some very good reasons for change. Quite simply, Britain is no longer the power that it was in the early post-war period. Nor is it diplomacy what it used to be. To-day much of it is about multi-fibre agreements, the Law of the Sea or the North-South

costs of all this are relatively small. Net expenditure on making and execution of Britain's overseas policies in 1975-76 was around £290m, or only 0.5 per cent. of public expenditure on all programmes. The number of U.K. staff employed, including those working for the British Council and the external services of the BBC, was 25,500, or less than 5 per cent. of the non-industrial civil service. As the think tank

Exports

This philosophy pervades the key section on export services. Government assistance, says the report, should continue. It does not, after all, cost very much. Gross expenditure on export services in 1975-76 was £67m, and net only £51.5m. Besides, other countries do it and although its success cannot be measured, industry is not actually asking for the assistance to be abolished. To become more effective, however, it will have to become more selective and it is here that the philosophy comes in. That means that the Government will have to select not only particular areas, but also particular products and at times even particular firms.

Exports

In a presumably unconvincing illustration of the arbitrary nature of bureaucratic judgments, the report then makes its own recommendation that official promotion services be withdrawn altogether from countries in which British exports in 1976 were less than £20m. That includes such rapidly growing economies as Bolivia and the Ivory Coast. It also includes Zaire, potentially one of the richest countries in

Exports

the report also has a good deal to say on the reform of the Foreign Office and the Diplomatic Service — a subject which has been keeping Ambassadors awake and regaling their dinner tables for months. After this performance, however, they can probably stop worrying. There may be some changes in the interests of greater specialisation, but on the evidence of this report, the real candidate for reform is the think tank itself.

Letters to the Editor

had no doubt at all that the licence system was right for the BBC and that no advertising revenue incursion should be made into the BBC's broadcasting finances. He was equally

of the Arts Council assessors might have been unfair in their judgment of this company because they themselves run companies which are also applicants for Arts Council money. My criticism was that two of the three assessors had been sent to nothing of our work during the company's five years existence. This seemed to me a considerable disadvantage to anybody in assessing a theatre company — rather like a jury trying a case without seeing the evidence for the defence.

and Bonn — were rather too large. The opportunity was then taken to launch a full-scale review with the aim of bringing British representation overseas more in line with Britain we live in.

To-day's Events

British Food Export Council display of packaged foods, Ouslin Centre, Haymarket, S.W.1 (until September 3).
Complete prints of Eduardo Paoletti, Victoria and Albert Museum, South Kensington, S.W.7 (until August 30).
Opera: Glyndebourne Festival Opera, Lewes, East Sussex; Die schwelgere Frau (R. Strauss), 5.30 p.m.
Ballet: Ballet Folklorico de Mexico, Royal Festival Hall, S.E.1, 7.30 p.m.
Les Dames Sacres de Bali, Sadler's Wells Theatre, E.C.1, 7.30 p.m.

MUSIC

Aprielle Palma (soprano) and Eold Hamilton (piano), St. Olave, Hart Street, E.C.3, 1.05 p.m.
Derek Baldwin gives organ recital, St. Bride, Fleet Street, E.C.4, 1.15 p.m.
Henry Wood Promenade Concerts: Boris Brail conducts BBC Welsh Symphony Orchestra in The Three Men, by David Harries; Beethoven's Symphony No. 2 in C major; Mendelssohn's Violin Concerto in E minor (soloist John Brown); and Sibelius' Symphony No. 7 in C major, Royal Albert Hall, S.W.7, 7.30 p.m.

SPORT

Golf: Youth championship, Moor Park; Women's championship, Llanfyllfan. Show Jumping: Ouhlin-Horse Show, Yeading; Coves Week.

Director-General

sentence stands out under about financing August 11. It reads: "In public view faces of whether or not the present broadcast licence is to be kept and, if so, its present financial life apart from your licence that there would be acceptable consumer to a proposal to end it is now financed, as justifiable to look at the Amman Committee hardly cold in its especially at chapter scrutiny from some severe critics on the licence fee was unanimously

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Education and industry

From Mr. J. Blasdale.
Sir — It is unfortunate that Michael Duroo has written such an unhelpful commentary in the Jobs Column (July 28) on the recent discussion paper "Industry, Education and Management."

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office

ing the

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Letters to the Editor

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Director-General

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To-day's Events

British Food Export Council display of packaged foods, Ouslin Centre, Haymarket, S.W.1 (until September 3).
Complete prints of Eduardo Paoletti, Victoria and Albert Museum, South Kensington, S.W.7 (until August 30).
Opera: Glyndebourne Festival Opera, Lewes, East Sussex; Die schwelgere Frau (R. Strauss), 5.30 p.m.
Ballet: Ballet Folklorico de Mexico, Royal Festival Hall, S.E.1, 7.30 p.m.
Les Dames Sacres de Bali, Sadler's Wells Theatre, E.C.1, 7.30 p.m.

MUSIC

Aprielle Palma (soprano) and Eold Hamilton (piano), St. Olave, Hart Street, E.C.3, 1.05 p.m.
Derek Baldwin gives organ recital, St. Bride, Fleet Street, E.C.4, 1.15 p.m.
Henry Wood Promenade Concerts: Boris Brail conducts BBC Welsh Symphony Orchestra in The Three Men, by David Harries; Beethoven's Symphony No. 2 in C major; Mendelssohn's Violin Concerto in E minor (soloist John Brown); and Sibelius' Symphony No. 7 in C major, Royal Albert Hall, S.W.7, 7.30 p.m.

SPORT

Golf: Youth championship, Moor Park; Women's championship, Llanfyllfan. Show Jumping: Ouhlin-Horse Show, Yeading; Coves Week.

Dolphin Theatre subsidy

From the Director, Dolphin Theatre Company.
Sir — Antony Thorncroft's account (July 28) of this company's present dispute with the Arts Council covered a great deal of ground and was, I think, fair to both sides. But may I make it clear that at no time in the dispute have I suggested that any

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COMPANY NEWS + COMMENT

Letraset jumps 50% to record £6.52m.

SECOND HALF pre-tax profit of Letraset International, the art materials group, jumped from £2.74m to £3.63m, to finish the year ended April 30, 1977 up 50 per cent to a record £6.52m.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date of payment, Corresponding dividend, Total for year, Total last year. Includes Acorn Secs, W. Alexander, City Offices, Wm. Cook, CSC Invest, Letraset Int., Unitech, Viscose Dripl., Westinghouse, Yeoman Investment.

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Directors expect to pay final of not less than 4.29p (4.225p). § In lieu of final.

The company's interests include the manufacture and marketing of electronic components, industrial controls and computer peripherals.

Table with columns: 1976-77, 1975-76, 1974-75, 1973-74. Rows: Sales, Profit before tax, U.K. tax, Overseas tax, Net profit, Minority interest, Extra-ord. credits, Attributable, Dividends, Retained.

Comment

The 46 per cent. profits rise from Unitech follows up a string of good results from electronic component suppliers. The major growth has been on the component marketing side which was helped by the fall of the pound. Since most of the items are American made their value was immediately increased leading to increased turnover and stock profits.

Unitech up after good second half

SECOND HALF growth in taxable profit from £935,700 to £1,344m. at Unitech lifted the full year figure for the year to £2,197m. Sales improved to £28.57m. against £19.53m.

A significant advance in sales and profit was forecast in February, when the directors said that a major part of the first half (improvement) had taken place in component marketing.

Moorgate Mercantile sees £0.2m. profit and dividend payment in 1978/79

PRE-TAX PROFIT of more than £0.2m. for the current 12 months and a return to the dividend last year, is forecast for Moorgate Mercantile Holdings by Mr. Julius Silman, chairman.

For the 18 months monies on short notice dropped by £150,000 (£22,000), bank balances and cash were down by £335,000 (£1,531m.).

In their report, the directors say that although they consider the specific provisions against bad and doubtful debts made by the directors to be reasonable, because of the uncertainties involved they have been unable to judge the extent of any additional general provision required.

THE B. ELLIOTT GROUP An excellent result based on UK performance

Comparative Results table with columns: 1977, 1976, 1975, 1974, 1973. Rows: External turnover, Profit before tax, Profit after tax and minorities, Earnings per share—pence, Dividends per share—pence, Times covered.

- Record profit for 1977 after tax and minorities represents an increase of 43% on 1976. The Balance Sheet has been substantially strengthened and the Group is in a healthy liquid position.

Some major points made by Mr. Mark Russell in the Chairman's Statement. For a copy of the Annual Report and Accounts please complete the coupon below.

BEC THE B. ELLIOTT GROUP Machine Tools. Form with fields for Name, Address, and a request for a copy of the 1977 Annual Report.

London & Northern Westinghouse grows to £2.57m. midway

Results for the current year at London and Northern will be something similar to last year, but the real tangible growth will come in 1978.

Walter Alexander up 55%

ON TURNOVER ahead by 33 per cent from £20.4m. to £27.08m. Walter Alexander reported a 55 per cent rise in taxable profits for the year ended March 31, 1977, from £1.25m. to a record £1.95m.

Arlington Motor set to make progress

With a modest continuation of the trading improvement already seen the directors of Arlington Motor Holdings are confident of a very satisfactory 1977/78.

Advance at Updown Investment

Total income advanced from £61,159 to £73,892 for Updown Investment Company in the half year to June 30, 1977.

Chloride Buys U.S. Battery Manufacturer

Chloride has acquired Western Batteries Inc. of Portland, Oregon, a leading supplier of automotive batteries in Oregon, Washington, Idaho, Alaska and Hawaii.

Mallinson-Denny

Mallinson-Denny has acquired the entire share capital of J. H. Laycock of Wigan. The net asset value of Laycock at June 30, 1977, was £182,843.

CH Pays £1 for Paint Firm

CH Industrials has purchased Hygenic Paint Company, based in Leeds, for the nominal sum of £1 and has agreed to guarantee bank borrowings of the company, currently £140,000.

AC Cars

AC Cars has acquired for £30,000 cash the capital of Galpower Vehicles, manufacturer of commercial vehicle chassis.

Associate Deals

Robert Fleming and Co. has purchased 7,100 GHP Group Ordinary Shares at 216p on behalf of the Low and Bonar Group.

Westinghouse grows to £2.57m. midway

INCLUDING the share of taxable profits of associated companies, more than doubled from £17,000 to £204,000.

BOARD MEETINGS

The following companies have announced Board meetings to the 21st Exchange. Such meetings are held for the purpose of considering the financial statements and available whether dividends are to be paid.

Table with columns: Company Name, Date. Includes British American and Gen. Trust, East Lancashire Paper, English and New York Trust, Gordon Royal Exch. Assurance, etc.

Friends Provident

New annual premium income for ordinary life and annuity policies of Friends Provident for the first half of 1977 increased 38 per cent from £1.6m. to £2.2m.

ISSUE NEWS

Yearling bonds fall sharply to 9 1/2%

The coupon on this week's yearling bonds has dropped from 10 per cent to 9 1/2 per cent, the sharpest fall in one week since interest rates tumbled in January.

LONG TAP EXHAUSTED

The long 'tap' Treasury per cent 1991 stock has run with the latest price at 27 1/2.

King & Shaxson

King & Shaxson Limited, 52, Cornhill EC3 3PD. Offers various investment services.

Brasilvest S.A.

Net asset value as of 29th July 1977. per Cr Share: Cr\$17,500. per Depository Share: U.S.\$11,095.37.

THE NEW THROMORTON TRUST LTD.

Capital Loan Stock Valuation 2nd August, 1977. The Net Asset Value per £1 Capital Loan Stock is 59.11.

THE BRADFORD PROPERTY TRUST LIMITED

Table with columns: 1975, 1976, 1977. Rows: Surplus from property rentals after tax, Two estates of flats purchased, New village at Martlesham Heath, Mr. P. D. Gresswell appointed a director.

Extracts from the accounts and circulated statement of the Chairman, Sir Henry Warner, Bt.

MINING NEWS

Nchanga going through difficult year

KENNETH MARSTON, MINING EDITOR

Other copper producers... Nchanga's share for firm company subscriptions... Breaking down the forecast...

could be a slight rise in production... According to the survey, spending on new coal projects reached about \$294m (1,530m) last year...

ROUND-UP

Australia's MIM Holdings is to build a \$47m (24.5m) copper annual casting plant at Mt Isa... The new plant, which should be operating by mid-1979...

SEICAST FINDS MORE NICKEL

Seeking further nickel ore at its Sparrowville mine in Western Australia... The Selection Trust group's Seicast Exploration reports...

LOWER EEC COAL OUTPUT SEEN

Coal mining in the European Community is expected to decline through 1980... The Commission said that it expects a fall in coal output...

AMBLE FOR O SHARES

Hampered, unprecedented in Africa since the boom of 1969... It is now officially expected that the public there...

Another SUITS director resigns

Another director of Scottish and Universal Investments, Mr. Nicholas Redmayne... This is believed to have been the result of the annual meeting on August 26, 1977.

The report also reveals a £30,000 compensation payment for loss of office to a former director... Mr. Redmayne and the senior partners of Grieverson Grant were criticised in a report published by the Stock Exchange...

Wm. Cook second half downturn

A SECOND HALF downturn from £13.7m to £12.2m... At half-time, profits were £13,947, but the directors warned that the outlook was poor.

B. Elliott expects sound overall performance

ORDER BOOKS of B. Elliott and the U.K. are generally satisfactory... Mr. Russell says that the trend of lower activity was reversed during the last quarter...

Exchange market policy and North Sea oil

BY PETER ROBESON

IN THEIR Special Monetary Bulletin of July 1, Greenwells set out the international monetarist argument for allowing the sterling exchange rate to appreciate under the influence of the balance of payments surpluses...

The argument is based very largely on their exposition of the effect of North Sea oil on sterling M3... The third form of intervention has, however, developed subsequently and was indeed practised in the 1960s from time to time.

Expedient

Short-term swap operations would be undertaken either with the market or with other central banks to provide exchange at the month end against sterling... This expedient was extended into a more general strategy on the spot side of such swaps...

Evening out

But the effects of the cessation of spot intervention set out by Greenwells would also be modified... The extent of such offsetting swaps there would be no current increase in sterling liquidity...

ONEY MARKET interest rates easier

of England Minimum Rate 8 per cent... The authorities gave assistance by buying a small amount of Treasury bills from the discount houses...

Table with columns: Sterling Certificates of deposits, Interbank, Loan, Finance Home Deposits, Company Deposits, Discount market deposits, Treasury bills, Eligible Bank Bill, Five Year Treasury Bill

writes and shares seven days' notice... Selling rate for one-month Treasury bills 7.5-7.75 per cent...

City Offices £522,565 first half

Gross income of City Offices Company for the first half of 1977 rose from £375,315 to £522,565... After tax of £236,316 (£142,219) stated earnings per 25p share are 1.24p compared with 1.02p and an interim dividend is announced of 0.77p (0.70p) for 1977...

Mr. Russell goes on to say that the acquisition of the Newell Machine Tool Company since the year end will strengthen the group and provide a better balance between manufacturing and merchandising activities...

The Boots Company Ltd has acquired Rucker Pharmaceutical Company, Inc. A subsidiary of Schrodgers Schroder Capital Corporation One State Street, New York, N.Y. 10004

Letraset 1976/77 Another record year. Sales (£m) 28.7, Profit before tax (£m) 6.5, Earnings per share (p) 14.1. Includes bar charts for Sales, Profit, and Earnings per share from 1970 to 1977.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

West German chemical sales slow

BONN, August 2

BY JONATHAN CARR

SALES growth in the West German chemical industry has fallen below expectations in the first five months of this year and the outlook is not encouraging.

increased sales by 14 per cent. to DM80.1bn. and exports by 20.3 per cent. to DM34.6bn. The "Big Three" chemical companies also saw substantial jumps in net profits (BASF from DM375m. to DM607m., Hoechst from DM248m. to DM473m. and Bayer from DM314m. to DM450m.).

hours which have severe economic problems. Last year the chemical industry's export quota — that is exports as a percentage of turnover — rose to 40.6 per cent. from 38.6 per cent. (against an export quota of 31.5 per cent. for the whole of German industry).

the fertiliser and plant protection sectors. Household chemical products also show a positive trend. The VCI says the industry will invest at around the 1976 level of DM5.6bn — but this will not necessarily mean an increase in jobs.

First half profits rise 17% at UIB

By Michael Blanden

UNITED INTERNATIONAL BANK, the London-based consortium banking group, reports a further increase in its profits for the first half of this year.

Belgian, Luxembourg Ministers meet on MMR

BY DAVID BUCHAN

BRUSSELS, Aug. 2

MINIERE ET METALLURGIE metres across in Luxembourg Rodange-Atbus (MMRA) may not be the Rodange Mills, the head-

pany and that it is now up to Brussels to do its share. Even if Mr. Tindemans' plan Government comes up some short term aid, the MMRA management clearly regard Atbus plant as a "dead branch" which if amputated would save the rest.

THE SACLOR-SOLLAC group is planning 2,500 redundancies by June 30, 1978, as of its plan to reduce its force by 9,200 between now and 1979.

AMERICAN NEWS

New chairman for Lockheed

By John Wyles NEW YORK, August 2. MR. Robert W. Haack is to step down from the chairmanship of the Lockheed Aircraft Corporation at the end of September, having originally accepted the job for six months and stayed 18.

BankAmerica Asian restructure

BANKAMERICA is negotiating to take full ownership of Aseam (Singapore), Overseas Union Bank 15 per cent. Dai-ichi Kangyo 11 per cent., and four European banks — Kleinwort Benson, Banque de Paris et des Pays-Bas, Dresdner, and Union Bank of Switzerland — which it is proposed will withdraw, 11 per cent. each.

30 per cent. stake in Aseam (Singapore), Overseas Union Bank 15 per cent. Dai-ichi Kangyo 11 per cent., and four European banks — Kleinwort Benson, Banque de Paris et des Pays-Bas, Dresdner, and Union Bank of Switzerland — which it is proposed will withdraw, 11 per cent. each.

\$175.9m. from \$149.3m. a year earlier, before securities transactions. BOEING COMPANY has raised its dividend to 60c a share, from 55c, in recognition of increased earnings, and has declared two-for-one split of its common stock.

Table with 4 columns: Company Name, 1977, 1976, and 1975. Includes HALLIBURTON CO., STEEL CO. OF CANADA, WASHINGTON POST CO., GREYHOUND CORPORATION, NORTHWEST AIRLINES, and MACMILLAN BLOEDEL.

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Sluggish trading at Sun Hong Kai

FIRST HALF profits of Sun Hong Kai Securities, a leading Hong Kong finance and brokerage house, fell slightly in the first half of the year to HK\$26.5m. compared with HK\$21.8m. reports our Hong Kong correspondent. Brokerage income was reported down, which was not surprising in view of the low level of stock-market activity and lack of new issues.

EUROCREDITS

Icelandic refinancing

A NUMBER of countries are benefiting from the fall in spreads. The Icelandic Central Bank is refinancing an earlier borrowing, at lower cost through a \$45m loan at a split rate of 11 and 14 per cent. Maturity is seven years, and the lead manager is Citicorp.

Fishing zones hit Japanese

TOKYO, August 2. HIT BY the spread of 300 fishing zones, Japan's sea companies predict profit decline this year and are taking steps to minimize their problems.

AS FOR Eurobonds, the dollar sector was little changed yesterday, though there was more spread of 1 per cent. for the first time since last Thursday writes Mary Campbell.

MITSUBISHI GAS CHEMICAL COMPANY, INC. U.S. \$20,000,000 6 per cent. Convertible Bonds 1992. Includes logos and list of participating banks from various countries.

Compañia Manufacturera de Papeles y Cartones S.A. US \$24,500,000 Medium Term Project Loan. Includes logo and list of participating banks.

Vertical advertisement on the right edge of the page, partially cut off, mentioning 'INTERNATIONAL' and 'WELJEUX'.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Takeover tangle par excellence

AS VIELJEUX has always been typical of the thousands of family-owned firms in France which, if they head off at all, usually because of a cash crisis...

exchange movement was attributed to the activities of La Fortuno but its next big jump was the takeover of the shipping group La Mixte...

Banexi

This time the defending guns were too big. The head of one of the Lesieur families, M. Michel Lesieur called in the BNP investment arm Banexi...

Profit rise at Asahi Breweries

By Yoko Shibata TOKYO, August 2. ASAHU Breweries, the third largest brewer in Japan, increased net profits for the first half ended June 30 to ¥801m...

Safmarine profit up as turnover tops R200m.

SAFMARINE, the national shipping company in which British and Commonwealth has a 38 per cent. interest, has again reported higher profits. After current and deferred tax, profits have increased by 27 per cent to R25.8m...

Solel Boneh profit on target

SOLEL Boneh—a construction firm of the Israeli Labour reports a satisfactory performance for 1977, but a profitable 1977 and to the decline in starts in Israel...

ECSC loans

TOTAL LOANS by the European Coal and Steel Community (ECSC) this year will be less than the 1,066m. European Units of account (EUA) (€703m) the ECSC lent last year...

SELECTED EURODOLLAR BOND PRICES

Table with columns for bond type (e.g., 3 1/2% 1982), price, and other details. Includes sub-sections for MID-DAY INDICATIONS and FLOATING RATE NOTES.

Avco Financial Services Canada Limited advertisement. Features 'Can. \$20,000,000' and '9 1/2% Guaranteed Notes due 1982'. Lists various member banks and financial institutions.

Lower on bleak economic outlook £ & \$ easier

BY OUR WALL STREET CORRESPONDENT

STOCK PRICES were broadly lower in quiet trading today. Investors were disappointed by Monday's rally as they were unable to carry through last week's gains.

Closing prices and market reports were not available for this edition. The economy might worsen generally in the second half of the year.

The Dow Jones Industrial Index fell 2.0 to 889.21 and the New York Stock Exchange Index 0.25 to 34.04—both fairly small declines. But all indices pointed downwards.

Monday's active stocks: Reserve Oil & Gas, General Electric, Bethlehem Steel, General Electric, Phillips Petroleum, Raychem, Ford, DuPont, and others.

Table with columns for Stock, Price, Change, and other market data.

OTHER MARKETS

Canada mixed

Canadian shares were broadly higher in light noon trading in Toronto with only the consumer products sector lower.

Indices

Table showing various indices: NEW YORK-DOW JONES, STANDARD AND POORS, and their performance over time.

OVERSEAS SHARE INFORMATION

Large table listing overseas share information for various countries including Australia, Canada, Germany, and others.

Premier Cablevision rose \$1 to \$20. Canadian Cablevision advanced \$1 to \$14.

STOCKHOLM—The market was mostly firm. FRANKFURT—Shares closed mixed to lower.

AMSTERDAM—The market closed steady in quiet conditions. DUTCH INTERBANK—Lower on balance but closed above their lows for the day.

NEW YORK—The market closed mixed to lower. Rises and Falls: Issues Traded, Down, New Highs.

Table with columns for Stock, Price, Change, and other market data for various international markets.

FOREIGN EXCHANGES

The U.S. dollar lost ground in the foreign exchange market yesterday and sterling was also weaker against major currencies.

VIENNA—Mixed in quiet trading. Selects advanced by 20 to 20.64.

STOCKHOLM—The market was mostly firm. FRANKFURT—Shares closed mixed to lower.

Table showing foreign exchange rates for various currencies: Gold Market, CURRENCY RATES, EXCHANGE CROSS-RATES, EURO-CURRENCY INTEREST RATES, and FORWARD RATES.

Hispano Americanos each fell ten points. Union Explosivos Rio Tinto was over-offered at 115.

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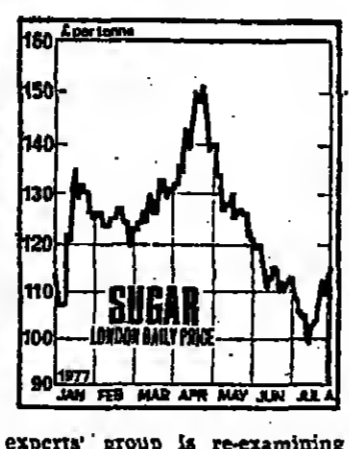
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Vertical text on the right edge of the page, possibly a page number or reference.

ARMING AND RAW MATERIALS... \$ easier... Main affects Soviet grain belt... Moscow, Aug. 2. EUROPEAN area of the Union had heavy rain most of July...

Dominican sale halts world sugar price recovery

THE RECOVERY of world sugar values from the four-year lows plummeted in London three weeks ago halted yesterday. Although the London daily price for raw sugar was raised in the morning by £2 to £115 a tonne, futures values lost ground to later trading. The December position closed £1.50 down at £118.625 a tonne.



These points of dispute was done at the six-week conference in April-May which was adjourned when no compromise could be found on the U.S. reserve stocks plan. Now the U.S. has come forward with new proposals and figures which appear to be more acceptable, including a levy on traded sugar which should make the scheme self-financing in a similar way to the cocoa buffer stock scheme.

'Astronomic' price for apples

PRICES of apples and pears in the new season will reach astronomical levels, and fruit traders and importers are concerned about the long-term effects of short-term scarcity on consumption. One London dealer said yesterday that while early British varieties of apple yield fairly well, the spring bad, put paid to about half the Cox's Orange Pippin crop—still the most popular variety in the U.K.

Copper rise peters out... U.K. GRAIN MARKET... Delayed sales may lead to losses

By Our Commodities Staff... COPPER VALUES rallied sharply on the London Metal Exchange yesterday, following overnight news that the big U.S. copper producer, Phelps Dodge, had broken off talks with striking workers without reaching agreement on a new labour contract.

THE ASSOCIATION of South-East Asian Nations (ASEAN) will ask Japan to stabilise the earnings from their exports to Japan of between 20 and 25 commodities through a proposed \$400m. fund, Mr. Troadio Quizon, the Philippine Trade Minister said.

U.K. GRAIN MARKET

BRITISH cereals growers hanging on to their crops and hoping for premium prices could find themselves squeezed out of their homes market by French exporters instead. And they might be forced to celebrate accession to the full EEC grain marketing regime on New Year's Day by selling wheat and barley into intervention for the first time ever instead of enjoying the benefits of Common Market price increases.

Storage

In its latest review of the British market the HGCA said if it is to reach the full EEC marketing regime encouraged heavy imports 'the U.K. market in the new year could be depressed'. And while the official band-out said it was unlikely that market prices in Britain would fall as low as intervention levels, administrators in the organisation are plainly edgy and prepared for the worst.

Bid to end lead-zinc plant strike

NEW YORK, Aug. 2. BUNKER HILL and striking workers at its Kellogg, Idaho lead and zinc plant were scheduled to meet today with the Federal Mediation and Conciliation Service in an effort to end the 100-day-old strike, the union said.

ASEAN seeks \$400m. pact with Japan

THE ASSOCIATION of South-East Asian Nations (ASEAN) will ask Japan to stabilise the earnings from their exports to Japan of between 20 and 25 commodities through a proposed \$400m. fund, Mr. Troadio Quizon, the Philippine Trade Minister said.

U.S. Markets

COPPER again made the most of the back of consumer demand, with a full alignment of the soybean strength. Sugar eased on trade and Commission Soybean Selling. Commission Soybean Selling closed lower, Bache comments.

Precious metals higher

COPPER - Aug. 54.60 (same), Sept. 54.00 (same), Oct. 54.00 (same), Nov. 54.00 (same), Dec. 54.00 (same). GOLD - Aug. 168.30 (168.30), Sept. 168.30 (168.30), Oct. 168.30 (168.30), Nov. 168.30 (168.30), Dec. 168.30 (168.30).

MODITY MARKET REPORTS AND PRICES

Table with columns for METALS, COPPER, RUBBER, SOYABEAN MEAL, SUGAR, WHEAT, BARLEY, WOOL FUTURES, SILVER, COCOA, LIME, and JUTE. Includes prices and changes for various commodities.

PRICE CHANGES

Table showing price changes for various commodities including Metals, Rubber, Soyabean Meal, Sugar, Wheat, Barley, Wool Futures, Silver, Cocoa, Lime, and Jute.

FINANCIAL TIMES

Table showing financial data including Reuters, Dow Jones, and Moody's indices, along with exchange rates and other financial metrics.

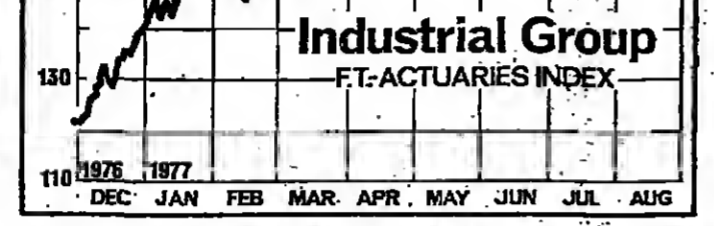
ATIANTIC COMMODITY ECONOMIC OUTLOOK AVAILABLE - WRITE OR PHONE... more out of the feed you put in... GRAPEFRUIT SWEETENER... By Our Own Correspondent... A NEW process for making an artificial sweetener from grapefruit peel has been developed after five years of research by Yafora, an Israeli company.

STOCK EXCHANGE REPORT Markets continue to rise on hopes of cheaper money Index up 5.6 more at 451.9—Gilts end well below best

Account Dealing Dates... First Declara- Last Account Dealings... July 11 July 22 Aug. 2 July 25 Aug. 4 Aug. 15 Aug. 31 Aug. 8 Aug. 18 Aug. 19 Aug. 31

3 1/2 per cent. 1978/81 gained 1/4 to a fresh 1977 peak of 3 1/2. The reaction, quite apart from the technical considerations, owed much to a broker's bearish predictions of continuing high inflation.

Mathews Holdings hardened 2 at 5 1/2p, after touching 5p, while the latter's interim figures were due to-day. Television concerns were notable only for a Press-inspired gain of 3 to 8 1/2p in HTV.



Home Banks dull... The four large clearing banks moved against the trend yesterday, the savings and other Price Commission into their charges.

Gifts boil over... The surprise announcement of the exhaustion of the long tap at a price of 27 1/2 for the 30p paid Treasury 1 1/2 per cent. 1981 stock at the start of trade yesterday provided another fillip to the recently buoyant Gilts-edged market.

Reed below best... Industrial leaders pushed further ahead during a fair session, although best levels were not always held.

Reed below best... Industrial leaders pushed further ahead during a fair session, although best levels were not always held. Reed International, after Monday's advance of 11, moved higher to 189p before ending a net 3 better at 186p; the annual meeting and announcement of first-quarter figures are scheduled for to-morrow.

Siebens react... Cautious Press comment prompted profit-taking in Siebens yesterday, which came back to 310p before picking up to 325p and ending the day a net 29 down at 312p.

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FINANCIAL TIMES STOCK INDICES. Table with columns for indices (Government Secs, Fixed Interest, Industrial Ordinary, Gold Mines, etc.) and values for Aug 2, 1977.

HIGHS AND LOWS. Table showing high and low prices for various stocks like Govt. Secs, Fixed Int., and Gold Mines.

ACTIVE STOCKS. Table listing active stocks with columns for Stock, Denomina-tion, No. of shares, Closing price, Change, and 1977 High.

OPTIONS TRADED. Table listing options traded with columns for Stock, Denomina-tion, No. of shares, Closing price, Change, and 1977 High.

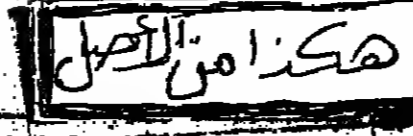
NEW HIGHS AND LOWS FOR 1977. Table listing new highs and lows for various stocks.

KOREA AND THE INTERNATIONAL BUSINESS COMMUNITY. Conference organized by the Financial Times and Korean Traders Association. Details include dates (8 & 9 September 1977), location (World Trade Center, Seoul), and a list of speakers and topics.

RECENT ISSUES. Table listing recent issues of stocks and fixed interest securities, including company names and prices.

FT-ACTUARIES SHARE INDICES. Table listing FT-Actuaries Share Indices for various equity groups and fixed interest securities.

FT-ACTUARIES SHARE INDICES. Large table listing FT-Actuaries Share Indices for various equity groups and fixed interest securities, including detailed sub-sections.



AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Brown Shipley & Co. Ltd., Guardian Royal Eq. Unit Mgrs. Ltd., and others, with columns for fund names, managers, and performance metrics.

OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas funds including Arnhem Securities (C.I.) Limited, Fidelity Mgmt. & Res. (Dist.) Ltd., and others, with columns for fund names, managers, and performance metrics.

BASE LENDING RATES table listing various banks and their respective lending rates for different terms and currencies.

Table listing various unit trusts and managers, including Midland Bank Unit Trust Managers Ltd., Sun Alliance Fund Mgmt. Ltd., and others.

INSURANCE, PROPERTY, BONDS

Table listing insurance, property, and bond services from various companies like Abbey Life Assurance Co. Ltd., Equi & Law Life Ass. Soc. Ltd., and others.

ERMUDA advertisement: 'Totally tax-free no income, corporate or personal. Professional financial expertise; excellent conditions. TRUST & SAVINGS LTD. NATIONAL TRUSTS & INVESTMENTS.'

Table listing various unit trusts and managers, including National and Commercial, Mutual Unit Trust Managers Ltd., and others.

CLIVE INVESTMENTS LIMITED advertisement: '1 Royal Exchange Ave, London EC3V 3LU. Tel: 01-283 1101. Insure your property, life, and investments.'

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FT SHARE INFORMATION SERVICE

INDUSTRIALS (Miscel)

BRITISH FUNDS

Table of British Funds with columns for Stock, Price, Div, Yld, and various fund names like 'Sherk's (Lives up to Five Years)'.

INTERNATIONAL BANK

Table of International Bank shares with columns for Stock, Price, Div, Yld.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Stock, Price, Div, Yld.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Stock, Price, Div, Yld.

AMERICANS

Table of American stocks with columns for Stock, Price, Div, Yld.

CANADIANS

Table of Canadian stocks with columns for Stock, Price, Div, Yld.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase stocks with columns for Stock, Price, Div, Yld.

BUILDING INDUSTRY - Continued

Table of Building Industry stocks with columns for Stock, Price, Div, Yld.

CHEMICALS, PLASTICS

Table of Chemicals, Plastics stocks with columns for Stock, Price, Div, Yld.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits stocks with columns for Stock, Price, Div, Yld.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads stocks with columns for Stock, Price, Div, Yld.

DRAPERY AND STORES - Continued

Table of Drapery and Stores stocks with columns for Stock, Price, Div, Yld.

ELECTRICAL AND RADIO

Table of Electrical and Radio stocks with columns for Stock, Price, Div, Yld.

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres and TV stocks with columns for Stock, Price, Div, Yld.

DRAPERY AND STORES

Table of Drapery and Stores stocks with columns for Stock, Price, Div, Yld.

ENGINEERING - Continued

Table of Engineering stocks with columns for Stock, Price, Div, Yld.

ENGINEERING, MACHINE TOOLS

Table of Engineering, Machine Tools stocks with columns for Stock, Price, Div, Yld.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. stocks with columns for Stock, Price, Div, Yld.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks with columns for Stock, Price, Div, Yld.

S.E. List Premium 4 1/4% based on \$US1.780 per \$1

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Fox—a member of the Raine Group, Sheffield

Wednesday August 3 1977

AH London and Grimsby
Tel: 01-577 0266
The builders who've been giving a comprehensive service since 1740...
AH! That's Ashby & Horn... the builders!

U.S. monetary policy tightened by Fed

BY STEWART FLEMING

NEW YORK, August 2.

THE NEW YORK Federal Reserve Board's operations in the money markets over the past two days have convinced analysts that the board has tightened its monetary policy since last week more firmly than some originally supposed.

There seems to be fairly widespread agreement that it is aiming to hold the key federal funds interest rate (the rate of interest banks charge each other on reserves) at a weekly average of around 5 1/2 per cent, compared with the 5 1/8 per cent which has been trading around in recent weeks.

Yesterday the Board allowed federal funds to trade up to 5 1/2 before intervening to stem the rise.

The sharpness of the upward adjustment reflects the board's reaction to the surging growth of the U.S. money supply through July which culminated with last Thursday's announcement of a new record rise in the money supply and both M1 and M2.

According to Salomon Brothers estimates the annual average of growth rates over the past four weeks for M1 is 15.8 per cent, and for M2 14.5 per cent. (M1 is currency less current accounts M2 includes deposit accounts).

These rates compare with long-term targets for the growth of the money supply of 4-6 per cent for M1, 7-9 per cent for M2 and 8-11 per cent for M3. These targets were confirmed by Dr. Arthur Burns, the Board's chairman, on Friday and are aimed at slowing the growth of money supply to control inflation.

With the recent growth of the money supply proceeding at levels well above these long-term targets, money market analysts are conscious that further tightening of the Board's credit policy is likely later this month unless the growth slows significantly in the coming week.

One New York analyst put it, the Fed is much more concerned about the contribution which too rapid growth of the money supply could make to inflation than it is about the impact of tightening credit on the economy.

Although there are fears of a slowdown in the economy's growth in the second half of the year compared with 7.2 per cent real growth in the first half, this analyst suggests that GNP growth could slow significantly without arousing the Fed's concern about a conflict between a restrictive monetary policy and economic growth.

Investors in ordinary shares are already demonstrating their concern about the prospect of such a conflict, however, and it is something which worries politicians too.

In the meantime, while short-term commercial interest rates are moving up in response to the tighter credit stance to the long-term bond markets, after some nervousness at the end of last week they appear stable.

Israel to aid settlements on West Bank

BY DAVID LENNON

TEL AVIV, August 2.

ISRAELI JEWS will be encouraged to move to the three West Bank settlements the Israeli Cabinet approved at the end of last week in a proposal which the Minister of Industry and Commerce will soon present to the Knesset for approval at the moment seems likely.

The Ministry of Industry and Commerce announced today that it will seek approval to extend Development Zone 'A' status to Maale Adumim, Alon Moreh, Ofra and some other towns and villages in the occupied West Bank, the Golan Heights and the Sinai peninsula.

Jews moving to these settlements would be granted various financial incentives, including a lower income tax rate and cheap housing arrangements accorded to persons living in development areas.

The proposal seems contrary to the reported views of President Carter, who apparently told that many Israeli officials, including Prime Minister, on his visit to Washington that the U.S. was against the establishment of new settlements in the occupied territories.

However, Mr. Carter was believed also to have said that the U.S. would not object to an increase in the Jewish population of settlements already established.

Speculation

Among other settlements designed to become permanent towns and affected by the latest proposal are Yamit and Ofra in the Sinai, Katzrin on the Golan Heights and Kiryat Arba in the Hebron area of the West Bank.

Earlier today the Ministerial Committee on settlements met amid speculation that the Government intended to approve the establishment of new settlements in the occupied territories. However, the meeting of the committee's chairman, Mr. Ariel Sharon, Minister of Agriculture, said the meeting dealt only with close "procedural issues."

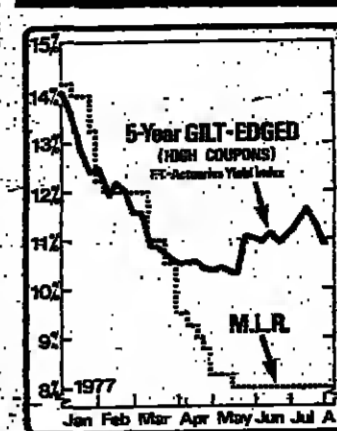
Following that meeting Mr. Sharon met with representatives of Gush Emunim, the militant Right-wing body which favours widespread Jewish settlement on the West Bank. Gush Emunim was instrumental in the establishment of two of the three West Bank settlements legalised by the government last week.

THE LEX COLUMN

Sterling cue for interest rates

The gilt-edged market took the news of the exhaustion of the long tap and the excellent July reserve figures in its stride and most of the earlier gains had disappeared by the end of the day. However, there can be no disguising the way settlement has changed now the interest rate front over the past week.

Index rose 5.6 to 451.9



The coupon on the weekly issue of local authority negotiable bonds was cut by 1/2 of a point yesterday — the sharpest drop since mid-January. One year CD rates have dropped by more than a point since last week, and Treasury bill rates are now pointing to a quarter point fall in Minimum Lending Rate on Friday.

Until last week the authorities appeared intent on holding the exchange rate down as a precaution against any nasty side-effects from the collapse of Stage Three, and concern about official funding needs was causing nervousness about interest rates on the upside.

However, the exhaustion of the long tap, on which there is a call of £512m. next week, means that there need now be no concern about the funding requirement in the August month despite the huge pre-banking inflows. Against a background of falling rates the work completely separate from authorities may now set about covering some of their requirements for the early Autumn.

But the current policy requires the maintenance of a steep yield curve to prevent lower rates from boosting the money supply once again. The authorities may only have succeeded in delaying the basic decision about whether sterling should float or not.

Housebuilders have seen many raise downs lately, but some real hope on Monday's price figures indicated a 3 per cent rise—34 per cent on new homes—in the quarter. That is double the previous rate of increase, comes largely ahead of the fit of two mortgage rate. And yesterday the figures upset most predictions by showing that starts in were below 12,000 units. T nearly as dismal a level activity, allowing for seasonal adjustments, as in the exceedingly depressed winter of '76. With under 64,000 units in the first half of the year, the NEDO forecast of 140,000 private sector starts (down on 1976) begins to look optimistic.

House price inflation now accelerates. Building a lending, if it is to reach expected £6.5bn, for the (£6bn in 1976) will have to run at around the 500 month level from now on, to the slow start to 1977, despite the societies' war about fuelling another price boom, they would mind new house prices to rise quicker than the last 11 per cent. Increase in building volume, start recover. There is previous evidence of trading up in owners of middle and high price houses, but the mortgage rate, plus personal incomes later this should stimulate the home end of the new home market.

The leading companies of them planning volumes this year despite shrinking sector output, benefit from this increased demand at the expense smaller builders who are highly cautious and tied by bankers who want to contract exchanged anything more than for loans are laid. Materials stable, with the work brick increases over, static and many other manufacturers close to their price levels.

Interest rate hopes in housebuilders yesterday, Gough Cooper up 5p at 50p. Barratt Developments up 79p—the first signs of the sector for some time. figure yields, may be paid though any major house increases may not be seen the first half of 1978.

ICI workers breach 12-month rule with 30% pay claim

BY DAVID CHURCHILL, LABOUR STAFF

CLERICAL STAFF at ICI have submitted a claim for pay rises of up to 30 per cent for any settlement under Phase Two of the pay policy which expired on Sunday and in breach of the 12-month rule.

The claim, which was submitted to the company last week and covers 11,000 clerical workers, is virtually a carbon copy of a claim submitted by Shell workers.

As with the Shell claim, ICI is being asked to give "substantial rises" immediately for the clerical staff as well as generous improvements to fringe benefits, such as extra holidays, a shorter working week, improved pensions and sick pay, and co-ordination of the pay policy with the rest of the company.

ICI's clerical workers were due for a pay settlement on June 1 but decided to wait until last week before submitting a claim for rises from August 1. Other ICI white-collar workers, including technical and supervisory staff, and 60,000 manual workers have already told the company they want substantial pay rises although no firm negotiations have so far been held.

The clerical workers are represented by the Transport and General Workers' Union, the Association of Scientific, Technical and Managerial Staffs, and the General and Municipal Workers' Union.

But the Shell claim, covering 4,000 refinery workers represented by the TGWU and 3,000 white-collar staff represented by ASTMS is seeking 30 per cent increases despite a Phase Two settlement last January.

Last night Shell said it firmly intended abiding by the Government's hopes for a 12-month gap between pay settlements, which would mean the 7,000 workers waiting until January.

ICI, which has not yet formally replied to the clerical workers' claim, is likely to insist that its staff accept a Phase Two settlement.

Mr. Roger Ward, the ASTMS official responsible for both the union's Shell and ICI claims, said last night that the rises "were in line with TUC policy in the sense that they were extremely justifiable in an extremely profitable industry."

John Miller, the TGWU's national secretary for the industry, has also said that the claim is related to the amount the two companies can pay.

No positive developments are expected, on either claim until after the Trades Union Congress in September when its policy on the 12-month rule is expected to be decided.

But the Department of Employment made clear last night that companies breaching the 12-month rule would be liable to three main sanctions from the Government. These are: a fine of up to £10,000, a suspension of the company's right to employ new staff, and a requirement to pay a fine of up to £10,000.

Lord Watkinson, speaking at a London dinner following the annual general meeting of the London and Northern Group, said that the coming year was a "watershed" in the fight against inflation.

"Now that the responsibility for wage negotiations has returned to employers, as it should, they must firmly test the willingness of trade unions to accept less than their notional asking price in the many complex negotiations that lie ahead," he said.

"There is a greater realisation on everybody's part that excessive pay demands could now destroy everything we have struggled for over the past three years."

On unemployment, Lord Watkinson warned that the peak had not yet been reached. He appealed to CBI members to support the various special schemes for employment, especially for school-leavers.

AUEW backs 12-month rule

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Sadat

Asked whether Israel would be the right to exclude the PLO Mr. Vance said "I have to discuss it."

Mr. Sadat referred in a brief opening address to areas on which he had disagreed with the American Secretary of State. He said: "In spite of the fact we may have differed on certain issues, we are both seeking peace based on justice."

Syria's Assad writes from Beirut. President Assad of Syria is to confront Mr. Vance, the U.S. Secretary of State, with a joint Syrian-Palestinian stand towards a Middle East settlement, according to reports published in Beirut today.

Syria and the Palestine Liberation Organisation have signed a written agreement embracing a common policy according to the daily, al-Anwar. The newspaper said the policy calls for the PLO to be represented by an independent delegation at any reconvened Geneva conference, with the right to establish an independent Palestinian state in the west bank of the Jordan and the Gaza Strip.

Mr. Vance is due in Damascus tomorrow, after spending a few hours in Beirut for talks with President Elias Sarkis and other Lebanese officials.

The consensus among Beirut observers is that the American Secretary will face the toughest test of his Arab mission when he meets with the Syrian President.

Under Mr. Assad, Syria has accepted the principle of a negotiated settlement with Israel. But unlike Egypt it does not believe Washington holds 99 per cent of the cards for a Middle East settlement, however important the American role may be.

New Japanese TV is 70% British

BY JOHN LLOYD, INDUSTRIAL STAFF

NATIONAL PANASONIC, Japan's largest television manufacturer, yesterday launched a 22-inch colour television set for the U.K. market which contains 70 per cent of British supplied components by value.

This means that the Japanese set—known as the TC-2201 and manufactured at the company's Cardiff plant opened early this year—contains at least as many British-made components as some sets made by British companies.

The new set will use a tube made by Mullard at its Simonside factory in Lancashire. Mullard is also supplying semi-conductors, resistors, capacitors and other components.

Other British companies supplying components are Bribdon (Chichester)—printed circuits; Carrington Manufacturing (Croydon)—cabinets; Derwent Plastics (York)—injection moulded plastic components; and Firstel Metal Products (Aberdare)—metal pressed parts.

The irony implicit in National Panasonic's announcement is that many major British suppliers have a higher proportion of foreign-made components in their colour TV sets. This is especially the case in the smaller sets of 20 inch and below.

Thoro, which markets the Ultra and Ferguson brands, uses an American-made (RCA) tube for its sets, after the closure of the TC-2201 was announced a year ago. It reckons to take a further 10 per cent of its components from the Far East, giving it a British-made component ratio of around 60 per cent.

Raok, marketing the Bush and Murphy brands, which use Mullard tubes, estimates its proportion of British-made components to be more than 70 per cent.

Both GEC and Decca estimate that of their smaller sets, fewer than half the components are British. The tubes are largely Japanese. The larger sets—22 inches upwards—contain 80 per cent or more British-made elements.

National Panasonic employs 200 people at Cardiff. It will produce 3,000 TC-2201 sets each month, which will give it a 2 per cent share of the 22 inch market, or a 1 per cent share of the total colour TV market.

National Panasonic plans to export extensively in Europe. This TC-2201 will incorporate the "magic line" tuning system and will carry a two-year guarantee on parts and labour. It will retail at £361.95, and will be generally available later this month.

Oil companies drop Green Shield stamps

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

Green Shield suffered another blow yesterday when Shell, Total and Cooco announced they were dropping trading stamps from their managed forecourts.

Other oil companies are considering following suit rather than accept Green Shield's ultimatum of withdrawing the choice for motorists of trading stamps or a discount of up to 12p a gallon.

Only two months ago, Green Shield lost its biggest customer when Tesco dropped trading stamps.

The feeling in the oil industry yesterday was that Green Shield was not in a strong enough position to dictate terms to garages.

Apart from people using company cars, whose petrol is paid by the employer, most motorists now seemed to prefer cut prices to stamps.

Shell's petrol station subsidiary, City Petroleum, for example, which has been offering motorists the choice of around 82p for a gallon of four star without stamps or 82p with stamps, is to drop the higher price bracket.

The move coincides with next Monday's 51p cut in duty and VAT on petrol and means that next week the garages will be selling four star fuel at around 77.5p.

Esso and Heron are also considering the situation but Texaco has decided to keep stamps.

The decisions only directly affect that minority of garages which are managed by the big oil companies. Cooco (Jett), Total (Petropolis) and Shell (City Petroleum) operate less than 150 of Green Shield's 8,000-plus garages.

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Weather

U.K. TO-DAY
A TROUGH of low pressure extending from Cornwall to N.E. Eoglaod will move slowly S.E. (68-72F).
Cloudy with showers, becoming brighter in W. Warm in S.E. London, S.E. England, E. Anglia. Mainly dry, sunny intervals, showers developing. Max. 24C (75F).
Cent. S. England, Midlands, E. England, Channel Isles, Cent. N.

and N.E. England
Cloudy, showers, heavy and prolonged in places. Max. 20-22C (68-72F).
S.W. England, Wales, N.W. England
Cloudy, showers, heavy and prolonged at times, becoming brighter with showers. Max. 19C (66F).
Isle of Man, Scotland, Orkney, Shetland, N. Ireland
Sunny intervals, showers. Max. 15-17C (59-63F).

Outlook: Unsettled with showers or longer periods of rain.

HOLIDAY RESORTS

Y'day	Mid-day	Y'day	Mid-day
Alexandria	28	28	28
Amst. (N)	18	18	18
Amst. (S)	18	18	18
Algeria	22	22	22
Bahia	24	24	24
Batavia	26	26	26
Bombay	28	28	28
Buenos Aires	20	20	20
Calcutta	28	28	28
Canton	26	26	26
Cebu	28	28	28
Colon	26	26	26
Hankow	26	26	26
Hong Kong	28	28	28
Kobe	26	26	26
London	18	18	18
Lyons	18	18	18
Manila	28	28	28
Medan	28	28	28
Osaka	26	26	26
Peking	26	26	26
Rangoon	28	28	28
San Francisco	18	18	18
Singapore	28	28	28
Sourabaya	28	28	28
Tientsin	26	26	26
Yokohama	26	26	26

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Reserves

£1.7bn. of the remainder is directly connected with the ending of sterling finance for third-country trade.

This leaves about \$4bn. for inflows associated with the unwinding of other commercial payments (probably a sizable amount) and for speculative inflows.

Although the reserves appear very high, officials point both to the scale of debt repayments due in the next few years and to the relatively low cover for a month's imports.

At present, the cover is still little more than the average for 1973 and is only just over two-thirds the 1972 level.

ARLINGTON MOTORS

20% increase in pre-tax profit and encouraging prospects

Extracts from Mr. N. C. H. Hoysden's Statement to shareholders.

"Profit before taxation showing an increase of 20%, or £1,099,000, and an increase in sales of more than a third must be regarded as outstanding for a Company which is predominantly based on the commercial vehicle market which was down again in unit volume on the depressed figures of the preceding year."

"During the April/June quarter 1977 we have seen an increase in enquiries for trucks and we feel pent up demand is growing. Sales of cars are up 43%, and light vans by 128%, in this quarter. Overall trading results are impossible to assess in the current economic conditions but we feel confident that a modest continuation of the trading improvement we have seen should provide us with a very satisfactory year."

Summary of Results	1976/7	1975/6
Sales	£1,224	£2,265
Profit before tax	651	542
Profit after tax	459	308
Extraordinary items		142
Dividends	218	213
Earnings per share	13.16p	8.96p

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